

The Transition from Public Service Employment to Unsubsidized Jobs in the Private and Public Sectors



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The Transition from Public Service Employment to Unsubsidized Jobs in the Private and Public Sectors

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FOREWORD

The Lyndon B. Johnson School of Public Affairs has established interdisciplinary research on policy problems as the core of its educational program. A major part of this program is the nine-month policy research project, in the course of which two to three faculty members from different disciplines direct the research of ten to twenty graduate students of diverse backgrounds on a policy issue of concern to an agency of government. This "client orientation" brings the students face to face with administrators, legislators, and other officials active in the policy process, and demonstrates that research in a policy environment demands special talents. It also illuminates the occasional difficulties of relating research findings to the world of political realities.

This report on the transition from federally subsidized public service employment to unsubsidized jobs in the public and private sectors was produced as part of a policy research project conducted at the LBJ School in the academic year 1977-78. The study examines the barriers to transition that exist at eight Texas sites.

It is the intent of the LBJ School both to develop men and women with the capacity to perform effectively in public service and to produce research which will enlighten and inform those already engaged in the policy process. The project which resulted in this report has helped to accomplish the former; it is our hope and expectation that the report itself will contribute to the latter.

Elspeth Rostow
Dean

PREFACE

The objectives of this project were: (1) to evaluate the effectiveness of the CETA Public Service Employment Program in facilitating the transition of PSE enrollees to unsubsidized jobs in the private and public sectors; (2) to identify those elements of ongoing programs supportive of transition; and (3) to determine what, if any, modifications in employment and training laws and regulations will facilitate such transition. The U.S. Department of Labor and the Texas Department of Community Affairs shared in the funding of the research, which was conducted at eight Texas sites, six Prime Sponsors and two Balance of State areas. Three faculty members and seventeen graduate students of the Lyndon B. Johnson School of Public Affairs participated in the project.

We are grateful to the many individuals who contributed to this study, particularly those who took time from busy schedules to be interviewed: CETA prime sponsor and Balance of State area staff, Manpower Advisory Planning Council members and former members, union representatives and employers (public, non-profit and private). Without their patience and cooperation this study would not have been possible.

This report was based on field work conducted in Texas during the Spring of 1978 when the major emphasis in the public service employment program was building up enrollments under the fiscal stimulus policies of the newly established Carter administration. The final draft of the report was completed in September 1978, immediately prior to the Reauthorization of the Comprehensive Employment and Training Act in October of that year. Initially circulated as a mimeographed paper, the manuscript is now being published in more available form in order to satisfy numerous public requests for copies. Although the report contains much material which is relevant to the 1980s, the reader should be cautioned that the specific findings and conclusions of the report pertain to early 1978.

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CHAPTER I

THE CHANGING FEDERAL VIEW OF PUBLIC SERVICE EMPLOYMENT

We have envisioned and described CETA as a transition between unemployment and jobs in the regular economy.... In order for CETA to make a real contribution to solving our nation's unemployment problems, it cannot be a revolving door. The work experience and self-confidence gained from participation in the CETA program must ultimately lead to unsubsidized employment.(1)

Ray Marshall
Secretary of Labor

Public Service Employment (PSE) has become established as a key component of national economic and social policy. It is viewed by many national policymakers as a supplement to regular fiscal and monetary policies which possesses significant conceptual advantages over more traditional forms of economic stimuli such as tax cuts or public works. Public service employment can be targeted to groups who bear the greatest burden of unemployment and to geographic "pockets of unemployment." Secondly, PSE is more efficient in creating jobs, as most of the funds go directly to participant wages and fringe benefits. Put another way, the "jobs multiplier" of PSE is larger than other forms of government spending, especially on the first round. Thirdly, it can be implemented rapidly, as proven by the increase of 400,000 jobs during a nine-month period from May 1977 to March 1978. It is more generally palatable to the public than other forms of income maintenance such as extending unemployment insurance benefits or providing welfare. Through PSE, individuals work for their government checks. Finally, PSE is viewed by its proponents as less inflationary than alternative available programs.

While PSE has indeed become established as part of national economic and social policy, it remains experimental. There are many unanswered questions and unresolved issues regarding implementation of PSE as an integral training device for the enhancement of employability. The capacity of a PSE program to ease transition to unsubsidized employment lies at the heart of these questions. The purpose of the current study is to examine this capacity in an operational context. First, however, we will review the historical context from which current policy evolved.

HISTORICAL AND CONCEPTUAL FRAMEWORK(2)

National manpower policy had its beginnings in 1933 with the programs of the Roosevelt Administration. The primary thrust of Roosevelt's policy was in public employment programs to relieve economic distress. Work relief programs such as the Works Progress Administration (WPA) and Civilian Conservation Corps (CCC) aimed directly at the stimulation of aggregate demand, the primary Keynesian prescription for the achievement of full employment in a depressed economy. Public employment and public works were seen as major macroeconomic tools available to federal policymakers.

The period immediately following World War II saw continued interest in macroeconomic policy. Concern over the possible economic consequences of the end of wartime federal expenditures and fear of return to prewar depression times stimulated government concern for maintaining employment. The Employment Act of 1946 (PL 79-304), made full employment a primary goal of national economic policy. Although the prescription remained macroeconomic, the Act provided a program structure--albeit limited--through which its objectives could be achieved. It created the Council of Economic Advisors as an element of the executive establishment of the federal government and required annual presidential reports to Congress regarding economic and employment conditions.

Even though the realization of full employment remained the goal of national manpower and economic policy, the late 1950s and 1960s saw a shift in the conceptual base from which policy was implemented. Beginning with the Area Redevelopment Act of 1961 and proceeding through the Manpower Development and Training Act (MDTA) of 1962 and the Economic Opportunity Act (EOA) of 1964, the focus of national manpower policy prescriptions shifted from a macroeconomic perspective to a microeconomic one.(3) Whereas the former macroeconomic approach relied upon broad federal fiscal and monetary policy to stimulate labor market demand, the microeconomic view centered attention on the structural difficulties of particular labor markets (e.g., depressed regions such as Appalachia) and later on the structural difficulties of certain groups (e.g., minorities, youth, the elderly and poor) in all labor markets.(4)

Since the problems were now perceived as structural and microeconomic, the prescriptive responses of national manpower policy were required to be more specific and programmatic. The Kennedy and Johnson Administrations initiated a proliferation of specific programs directed at the perceived structural problems of particular areas or groups. MDTA, Neighborhood Youth Corps (NYC), Operation Mainstream, On the Job Training (OJT), New Careers, and Public Service Careers (PSC) were among the programs organized and implemented during the period. While directed at the problems of specific groups, and in some cases at the problems of those groups in certain specific labor

markets, these programs had a common thrust. They were all aimed at improving the competitive capacity of their target populations in unsubsidized labor markets, public and private.

By 1967 the focus of federal manpower policy began to become concerned with issues of program duplication, cooperation and consolidation. The proliferation of national programs became so extensive and the administrative responsibility for program delivery so fragmented(5) that the increasingly chaotic service delivery network became a primary topic in policy debates.(6) The 1967 amendments to the Economic Opportunity Act of 1964 called for the creation of unified Community Work Training Programs (CWTP) in defined local labor markets areas, and Concentrated Employment Program (CEP) was instituted to consolidate local manpower program efforts. The Comprehensive Area Manpower Planning System (CAMPS) was created by executive order to coordinate planning and service delivery at the local, state, regional and national levels.

During this period, however, there was one fundamentally different program added to the categorical program network. The passage of the Emergency Employment Act of 1971 (EEA) represented the adaptation and resurrection of an old idea, public employment programs. EEA resulted from a combination of factors. The recession of 1970-1971 increased national rates of unemployment at the same time that local governments had been enfranchised in the national manpower policy system through the effort to pass broader reform legislation. This combination of a desire to counter the effects of recessionary unemployment and the service expansion desires of the newly involved cities and states produced PSE as a new categorical program. EEA was explicitly temporary in design and effect. As a countercyclical program, it was directed at unemployment which resulted from the downturn in the business cycles. Funding levels were tied to unemployment rates, and specific goals for transition of participants to unsubsidized jobs were required. Although EEA has received mixed reviews, on balance the perception has emerged that its transition efforts were fairly successful.(7)

With the passage of CETA in 1973, the public employment program elements of EEA, including the transition focus, were incorporated in Title II as a permanent programmatic response for defined "Areas of Substantial and Persistent Unemployment" (ASU).

The other titles attempted to solve the decategorization and decentralization problems through a dual system. This provides for a locally controlled and defined program of comprehensive employability development services (Title I) and a nationally developed and controlled system of categorical programs for special target groups (Title III). The Job Corps was retained by special provision in Title IV.

Thus, the thrust of federal employment and training policy can be said to have developed from a macroeconomic concern for employment stimulation as a function of national economic policy based on countercyclical employment programs like WPA, toward a microeconomic concern for dysfunctions in certain structural labor markets, based on employability development programs to improve competitive capacity.(8) Overlying these concerns has been a debate over the proper structure of the intergovernmental system through which federal policy is to be planned and delivered. Within this framework, PSE programs have been perceived as essentially countercyclical and transitional, whereas comprehensive programs have been seen as structural and directed at employability development.

FUTURE PROSPECTS FOR PUBLIC SERVICE EMPLOYMENT

Public service employment will doubtlessly be continued as a centerpiece of employment and training policy. PSE can be targeted to have specific impact, is rapidly implemented and is perceived as less inflationary than alternative monetary and fiscal stimulants. Carter Administration support for the Humphrey-Hawkins Bill, its welfare reform proposals, and its position on the reauthorization of CETA all place PSE at the heart of the federal prescriptive response to both cyclical and structural labor market problems. In general, this policy approach supports the implicit trend of American policy toward the concept of government as "employer of last resort" in the economy. Concurrently, it seeks to target all program efforts at the structurally unemployed through the manipulation of eligibility criteria.

While the PSE program has become a permanent component of employment and training programs, it is still viewed as offering temporary assistance to individuals. The permanent PSE program is to serve cycles of temporary participants. Enrollment will be limited to periods ranging from 12 to 18 months, with final placement in unsubsidized jobs the primary objective.

The aim of employment and training policy in 1978 has been making the public sector the employer of last resort, while placing program emphasis on transition to unsubsidized jobs as economic expansion permits. No one has suggested that permanent PSE enrollment become a device for solving the structural problems of disadvantaged groups.

Problems With PSE

While policy in 1978 seemed to represent a broad-based attempt to address the conceptual link between economic policy directed at the expansion of employment and social welfare policy aimed at the expansion of income transfers and services to the disadvantaged, it is not without problems. In the main, these problems flow from contradictions inherent in the new policy objectives and from potential effects which their implementation may have on the entire system.

The most fundamental problem lies in the very nature of PSE. PSE aims at the provision of employment rather than at the development of skills. To the extent that it is targeted at the long-term, low skill, disadvantaged portion of the labor force, while remaining temporary, PSE may not address the fundamental structural problems which are at the heart of the labor market difficulties of the groups at which it is aimed. If the participants cannot be kept on PSE rolls permanently and receive no training or marketable skills from their PSE experience, the program may have provided nothing more than a short-term fix on a long-term problem.

PSE programs may become a permanent part of the institutional apparatus of both local public service systems and the poor, rather than the temporary transitional devices envisioned in original policy objectives. While public service employment indeed may be easy to implement as economic conditions deteriorate, it is more difficult to wind down as economic conditions improve. PSE is admittedly an attractive economic stimulant but it may prove to be addictive, as local public institutions and program recipients alike become increasingly dependent on the infusion of federal funds.

PSE at best puts money in people's pockets and expands public services. Its impact on general economic expansion, particularly private sector expansion--upon which the full employment objectives of national economic policy rest--is indirect. An economic stimulus policy based solely on PSE could achieve full employment only through massive, federally--financed, permanent expansion of public sector employment. Such an approach, although arguably cheaper in its initial stages, cannot be said to be less inflationary than traditional monetary and fiscal policies when examined over the long run.

To the extent that PSE undermines the thrust toward preparing participants for unsubsidized jobs, it becomes counterproductive as an instrument of economic policy. If traditional macroeconomic measures expand private sector demand for labor, and PSE and other employment and training programs fail to produce the requisite supply, tight labor markets, increased wage costs and price inflation could result. At the same time, PSE levels would have to remain constant. The result could be the worst of all worlds--tight labor markets and high levels of federal PSE subsidy.

Potential problems lie in several areas. First, by targeting on long-term disadvantaged and de-emphasizing training, PSE programs as currently employed may leave the labor force little more productive and skilled than before the programs became available. Second, to the extent that PSE efforts emphasize immediate employment and income over employability development, they may do little to improve the competitive position of the structurally unemployed that the programs are targeted to serve. Third, this emphasis of employment over skill

development may do little to serve the skill needs of the labor market. Finally, to the extent that the process becomes an open-ended, permanent fixture of national policy it may prove to be more of a stimulus to local public sector dependence on federal funds than to private sector expansion.

The Importance of Transition to Unsubsidized Employment

Transition, then, becomes the outlet through which these internal pressures on the system are to be reduced. The movement of participants to unsubsidized jobs is the key to keeping the PSE system both targeted at the disadvantaged and temporary. In the EEA program this seems to have worked, but the circumstances, the expectations and the goals were different for EEA than for current PSE.(9) EEA was an explicitly countercyclical program, aimed at workers laid off through an economic downturn, whereas current PSE is intended to serve a more disadvantaged clientele. EEA was implemented during a period of sustained local public sector growth which produced many opportunities for absorption of participants, while currently and for the foreseeable future local public sector growth is anticipated to be much more moderate.(10) Finally, the adoption of CETA in 1973 provided an outlet for many EEA participants who were still on the rolls as that program wound down in 1974. They merely transferred from EEA public employment to CETA public employment.

The problem, then, becomes transition to what? If the public sector cannot absorb the PSE participants, where do they go?

While the long-term consequences of permanent PSE at the levels proposed in the CETA revisions and welfare reform package are hard to assess, the short range impacts of the current PSE Stimulus Expansion may provide some guidance. Has transition to unsubsidized jobs remained a program goal in more than the rhetorical sense? If so, what features of PSE, as currently administered, inhibit or reinforce that goal? What are the effects of the existing intergovernmental network of program administration on transition and the usefulness of PSE as a tool of national policy? The report which follows seeks to address these questions as issues of program implementation rather than as conceptual concerns. The answers to these broader theoretical issues can be said to lie in transition to unsubsidized jobs. This study focuses on the performance and capacity of the current system to move people from subsidized employment to unsubsidized jobs in the public and private sector.

REFERENCES

- (1) Statement made to the Massachusetts Governor's Conference on Employment and Training, Employment and Training in Massachusetts: Agenda for Action, November 1977.
- (2) The programmatic history of federal initiatives is outlined in Appendix A.
- (3) Structural labor economists led by such people as Charles Killingsworth, Sar Levitan, Eli Ginsburg and Ray Marshall did much of the theoretical work which underpinned this shift in policy focus. See particularly Sar Levitan, Garth Mangum and F. Ray Marshall, Human Resources and Labor Markets, Labor and Manpower in the American Economy, New York: Harper and Row, 2nd Edition 1976.
- (4) New Careers and Public Service Careers (PSC) were directed at improving public sector opportunities for minorities and the poor.
- (5) Program administration came to involve directly three federal departments and one agency. The Departments of Labor, Commerce, and Health, Education and Welfare, and the Office of Economic Opportunity had direct roles in program management. All other domestic agencies were indirectly involved.
- (6) See Annual Report of the National Commission on Manpower Policy for 1968, Washington, D.C.: U.S. Superintendent of Documents, 1969.
- (7) For contrasting views see Howard W. Hallman, Emergency Employment: A study in Federalism, Tuscaloosa, Ala.: University of Alabama Press, 1977, and Sar A Levitan and Robert Taggart, Emergency Employment Act: The PEP Generation, Salt Lake City, Utah: Olympus Publishing Co., 1974.
- (8) Countercyclical manpower programs are those programs aimed at counteracting the adverse employment effects of economic downturns (recessions and depressions). they tend to be limited in duration and scope, aimed at providing temporary employment to workers displaced by economic cycles. Structural programs, on the other hand, seek to address the longer term problems of labor

market groups (e.g., women, minorities) or locations (e.g., Appalachia) or the difficulties experienced by certain groups in all labor markets.

- (9) See Hallman, Emergency Employment, op. cit. However, also see Field Memorandum 307-78, Employment and Training Administration, U.S. Department of Labor, which places strong emphasis on transition to unsubsidized employment as a PSE Objective.
- (10) See "Local Government Growth Levels Off," National Journal, vol. 50 (July 1977), pp. 1258-1267.

CHAPTER II

SCOPE AND DESIGN OF STUDY

An important objective of the CETA Public Service Employment (PSE) program is to prepare PSE participants for entry into unsubsidized jobs in the public and private sectors. This study attempts to determine the extent to which this objective is being realized, identify those elements of ongoing programs that are supportive of this objective, and determine what, if any, modifications in manpower employment and training legislation and regulations would help increase the movement of PSE employees into unsubsidized jobs.

SCOPE OF STUDY

Because of limitations imposed by the time and resources available, field research has been confined to eight sites in the State of Texas. There are some marked differences between Texas and the rest of the nation with respect to employment policy issues. Of particular note is the significantly lower level of unemployment in Texas than nationally and the relatively small proportion of the state's work force belonging to labor unions.

However, in selecting the eight sites included in the study, care was taken to include areas of Texas with both high and low unemployment levels, both urban and rural areas, and areas with high labor union membership as well as those where unionization is minimal. This approach to site selection not only provided a good economic and geographical cross section of Texas, but it also oriented our investigation to areas in Texas with economic conditions and employment policy problems similar to those existing in other sections of the nation. Thus, while conclusions drawn in this study are primarily applicable to the State of Texas, they should have national implications as well. That employment policy issues and problems in the Texas areas investigated in our study are often similar to those that are of concern nationally is suggested by the similarity of the conclusions and recommendations of our study and those of the twenty-four prime sponsor representatives from throughout the nation who participated in the CETA Prime Sponsor Forum on PSE held April 17-19, 1978, in conjunction with our study, under the co-sponsorship of the University of Houston's Institute of Labor and Industrial Relations and the LBJ School of Public Affairs, The University of Texas at Austin.

THE EIGHT STUDY SITES

In the study site selection process, an effort was made to include areas with high and low levels of unemployment, urban and rural areas, and at least one area where labor union membership was more extensive than typical in Texas. An attempt was also made to have a statewide geographical distribution of the sites.

The eight sites selected included six prime sponsors and two balance of state areas operated by councils of governments. The six prime sponsors selected were the South East Texas Comprehensive Manpower Program; the City of Houston; the Capital Area Consortium; the Dallas County Consortium; and, the North Texas State Planning Region Consortium. The two Balance of State areas selected were the Texoma Regional Planning Commission and the Middle Rio Grande Development Council.

While the overall level of unemployment in Texas is substantially below the national average, that is not the case for the Middle Rio Grande and Hidalgo-Wallacy areas. The rate of unemployment is approximately twelve percent in the former region and substantially in excess of that in the latter region. The level of unemployment approximates the national average in two other sites among the eight selected: South East Texas and Texoma. Unemployment in the other four areas, however, is substantially below the national average.

Labor union strength, which is notably weak in Texas, is comparable to the national level only in the high industrialized South East Texas area of the state. The only other area in Texas where there is substantial union strength is in Houston. In the remainder of the state--and in the other six areas selected for this study--labor unions represent a relatively small proportion of the labor force.

The eight sites selected provide a good urban-rural mix. Houston, of course, is entirely urban while Middle Rio Grande is predominantly rural and Hidalgo-Willacy only somewhat less so. Dallas County, while it does not include the City of Dallas, is nevertheless predominantly urban. South East Texas is also highly urban in character, with two-thirds of the region's population living in the highly industrialized cities of Beaumont, Port Arthur, and Orange. While the Capital Area is dominated by Austin, which accounts for two-thirds of the consortium's population, eight of the nine counties in the region are primarily rural. Similarly, while Wichita Falls contains forty-six percent of the North Texas consortium's population, eleven of its twelve counties fall into the rural category. Texoma, which includes the cities of Sherman and Denison, also has both urban and rural components.

While not among the explicit criteria used in selecting the eight sites included in this study, several other characteristics of the eight areas--especially general economic conditions and ethnic composition--came into focus during the selection process. A brief summary of these characteristics for each of the eight areas follows.

Middle Rio Grande

Located in southwest Texas on the border with Mexico, the nine counties that make up this region have not shared in the economic growth of Texas. Sixty-eight percent of the population have Spanish surnames, and a third of the families with Spanish surnames have incomes below the poverty level. Approximately 12 percent of the population is unemployed and local residents must compete in the labor market with a steady influx of undocumented workers from Mexico. The economic base of the area is primarily agriculture; there is relatively little manufacturing and that is in the low-wage textile and cloth industries. Moreover, increased mechanization is reducing the jobs potential in agriculture.

Hidalgo-Wallacy

Located in the extreme southern tip of Texas, bordering on Mexico, the two counties that make up this region share many of the problems of the Middle Rio Grande region. Approximately 78 percent of the growing population of the area (which increased 33 percent between 1970 and 1978) have Spanish surnames. The region is plagued by high unemployment (estimated to be between 14 and 18 percent of the work force) and low income. Some 84 percent of the Spanish surname population have family incomes below the poverty level, and half the Anglo population is similarly economically disadvantaged. Here, also, the economy is principally based on agriculture, with the trend toward farm mechanization displacing workers and aggravating an already serious and chronic unemployment problem. Moreover, as in the Middle Rio Grande region, there is also a steady influx of Mexican nationals competing for available jobs.

While agriculture remains the region's major industry, there has been a substantial growth in manufacturing in recent years, primarily in the food processing and apparel industries. Since 1970, manufacturing employment in the region has nearly doubled. The expansion and addition of manufacturing facilities has also resulted in a significant expansion of employment in the construction industry. However, it is doubtful that these gains will be adequate even to absorb new entrants and re-entrants into the labor market and the continually displaced farm workers. There is, at any rate, no expectation that the low incomes and extremely high unemployment level that characterized the region will be altered significantly in the foreseeable future.

Texoma

The three counties in the Texoma region are located in north central Texas and are bordered on the north by Oklahoma. The region's economic base is balanced between agriculture and a highly diversified manufacturing sector. The region also has substantial tourist and convention business; its major tourist attraction, Lake Texoma, attracts some 11,000,000 visitors annually.

While the region had a 7.7 percent unemployment rate in December 1976, this was down from a high of 9.4 percent a year earlier. Local officials believe the region has a good potential for future economic growth.

South East Texas

The South East Texas region borders on the State of Louisiana and the Gulf of Mexico. The three major cities in the region--Beaumont, Port Arthur and Orange--have the greatest manufacturing concentration of any area in Texas.

The region's economic base is dominated by the petrochemical industry; the three largest industries are petroleum refining, chemical processing, and ship and oil derrick building. The work force is highly unionized, jobs in these capital intensive industries call for highly skilled labor, and family income in the region is higher than the average for Texas. At the same time, the unemployment rate is also relatively high--7.4 percent in 1977 compared to a statewide average of 5.1 percent. In many ways, the economy of the region more closely resembles that of the nation than of Texas.

While its economic base is strong, in recent years the region has experienced less growth in population and industry than the rest of Texas. The area's economic outlook is heavily dependent on the petrochemical industry.

About a fifth of the region's population and work force are Black. Another 4 percent have Spanish surnames.

North Texas (Nortex)

This region consists of twelve counties, one urban and eleven rural. Almost 60 percent of the region's population resides in Wichita County where the region's largest city, Wichita Falls, is located. The area's Black population is about 6 percent of the total and another 5 percent have Spanish surnames. Fifty percent of the Black population, 28 percent of those with Spanish surnames, and 15 percent of the Anglos in the region have incomes below the poverty level.

The region has a balanced economy, with agriculture and petroleum production the dominant income sources in the rural areas. Manufacturing industries include plastics, electronic components, oil field equipment, glass products and tank trucks.

The region has experienced relatively low unemployment rates (under 4 percent). Business leaders in the area expect continued industrial growth and expanding job opportunities over the next few years. Overall, the region appears to enjoy a strong economic and industrial base.

Dallas County

This region (which includes all of the county except the City of Dallas) is heavily urbanized and has a strong economic base. Its industry is widely diversified, with no single industry employing more than 5.3 percent of the area's labor force. The rate of unemployment is about 4 percent and expectations are that industry and employment in the area will continue their steady growth. The population is predominantly Anglo, with Blacks accounting for less than 3 percent of the population and those with Spanish surnames about 4 percent. Approximately 8 percent of the families in the area have incomes below the poverty level.

Capital Area

Two-thirds of the population in this nine-county region in central Texas live in the City of Austin, the state's capital city and home of its major university. The major employer in the Austin area is government, accounting for 36 percent of the total work force. However, manufacturing employment--primarily in the field of electronics--has shown the most rapid rate of growth over the past ten years. There has also been substantial employment growth in the transportation, wholesale and retail trade, finance, and insurance industries.

The area has a substantial minority population, approximately 11 percent Black and 17 percent with Spanish surnames. Unemployment is relatively low, ranging in the neighborhood of 4 percent for the work force overall, and approximately 7 percent for Blacks.

Houston

The City of Houston is the largest city in the South and fifth in the nation. Minorities constitute 38.5 percent of its total population--25.7 percent Black, 12.1 percent with Spanish surnames and 0.7 percent other ethnic groups.

Houston has a strong, rapidly expanding and diversified economy. In addition to its role as the nation's energy capital, it is a leader in finance, retailing, engineering and construction. Houston's manu-

facturing sector is ninth largest in the nation, and it is a center for science, technology and medical services. It also is headquarters for some of the nation's largest corporations. Since 1970, more than 200 companies have moved their headquarters, subsidiaries, or divisions to Houston.

Houston's rate of unemployment, 4.4 percent, is substantially below the national and Texas average. However, in the core area of the city, where a large proportion of its minorities resides, over one-fifth of the families have incomes below the poverty level, and unemployment among this group may be nearly as high.

RESEARCH DESIGN

The main thrust of the research effort was a series of interviews in the eight study areas with CETA administrators and members of their Manpower Advisory Planning Councils (MAPC), members of the employer community, and labor union representatives. However, prior to conducting the field interviews, several preparatory research tasks were undertaken.

First, all members of the research group became thoroughly familiar with CETA laws and regulations, especially those relating to Titles I, II, and VI. During this phase of the overall research effort, they also reviewed relevant articles, reports and professional studies, and became familiar with prime sponsor agreements, reports and other pertinent documents.

Second, after research teams were assigned to the eight study sites, each team prepared a profile of the area to which it was assigned. These profiles were designed to familiarize the teams with the demography, ethnicity, political structure, economy, geography, and other pertinent characteristics of their area of study.

Third, three task forces drafted interview instruments for the three groups to be interviewed in the field: CETA administrators and MAPC members, members of the employer community, and labor union representatives. These were reviewed and revised by the research group as a whole and by outside manpower professionals, and field tested in the Austin area.

After completion of these preliminary tasks, each team proceeded to arrange for and conduct on-site interviews with CETA administrators and MAPC members, and procured pertinent data from available CETA reports and documents. Interviews were subsequently scheduled in the study areas with members of the employer community and union representatives. An effort was made to include among the employers interviewed the five largest private employers in each area, as well as representatives of non-profit and public sector employers.

After each set of interviews, the research teams prepared draft reports on their findings. These reports were reviewed and evaluated by other members of the research group and by the three faculty members in charge of the research project. Where necessary, follow-up questions were raised with the interviewees by telephone or, where appropriate, on a second visit of the research team to the area. Prior to their submission of a final draft of their reports, the interview teams forwarded their case studies to the program administrators for review and comment.

As noted earlier, a CETA Prime Sponsor Forum on PSE, participated in by twenty-four prime sponsor representatives from throughout the nation, was planned in conjunction with the research project. A task force from the research group drafted the conference issue paper and all members of the group monitored the conference discussions. The conference participants--who were recommended for participation by staff in regional offices of the U.S. Department of Labor were asked to share their experiences, both successes and problems, with a primary emphasis on the effectiveness of PSE in preparing participants for unsubsidized jobs. The research group was particularly interested in relating the definition of problems and recommendations emanating from the Forum to the findings and conclusions of its study of eight areas in the State of Texas. Materials relating to the Forum are contained in Appendix C of this report.

CHAPTER III

CETA STAFF AND MAPC PERSPECTIVES

During the course of the study, Project members interviewed a total of 36 staff members and 32 Manpower Advisory Planning Council (MAPC) members at the eight study sites. The analysis centered around their transition efforts with particular emphasis on the following questions:

- .What are the objectives of PSE?
- .Is the transition of participants into unsubsidized jobs a PSE objective? Is this a major consideration of local program operators in planning PSE activities?
- .What effect does the intake process have on the eventual transition of PSE participants into unsubsidized employment?
- .Does PSE improve the likelihood of a participant gaining unsubsidized employment? If so, how?
- .Does the level of PSE wage rates hinder the transition of PSE participants into unsubsidized employment?
- .What efforts are being made to place PSE participants into unsubsidized jobs?
- .What linkages has CETA developed with the local business and labor community with respect to PSE?

This chapter addresses these issues by first presenting the findings of the study, followed by the basis for the findings.

THE OBJECTIVES OF PSE

Findings

Public Service Employment programs, authorized under the Comprehensive Employment and Training Act of 1973, have many different and possibly conflicting objectives. Such a multiplicity of objectives leads to a variety of perceptions regarding the purposes of the programs at the local level, as evidenced in the eight Texas case studies for this report.

In general the primary objectives of PSE are to provide immediate employment opportunities to the unemployed and fulfill unmet needs in the community. Client-oriented objectives (i.e., employability development, transition) may be in conflict with community-oriented objectives (providing community services). The presence of competing objectives reflects conflicts within the CETA legislation and regulation. If community needs take a higher priority than the employment and training needs of the PSE participants, then PSE could be characterized as a revenue sharing measure instead of an employment and training measure.

During interviews conducted for this study half of the prime sponsors indicated that a primary objective of PSE was meeting the DOL hiring schedules.

Although individual local CETA operations differed in their response regarding the objectives of PSE, in general it appears that these CETA operators consider absorption (i.e., transition to unsubsidized employment in the public sector) by the sponsor agency an important objective of PSE. Transition of PSE participants to private sector employment, however, has not been considered to be an objective of PSE.

Basis For Findings

All of the respondents except those in South East Texas and Dallas County considered the absorption of PSE participants into the permanent labor force of the sponsoring agency to be a major, if secondary, objective of PSE. None of the individuals interviewed regarded the transition of PSE participants into unsubsidized private sector employment as a PSE objective. A number of staff members, however, viewed the long range goal of PSE as the eventual placement of PSE participants into unsubsidized private or public employment.

The primary objective of PSE, as stated by respondents in seven of eight study sites, is to provide immediate employment opportunities to the unemployed. Those interviewed in the eighth site, Middle Rio Grande, considered "meeting community needs" as an equally important objective. While there was general agreement that the central objective of PSE was to provide immediate employment opportunities, no consensus existed whether PSE should be aimed at structurally or counter-cyclically unemployed persons. Indeed, within each individual area, no consensus emerged on the extent that PSE should be targeted to special disadvantaged populations. A subsidiary and closely related PSE objective referred to in six areas (Middle Rio Grande, South East Texas, Nortex, Houston, Dallas County, and Texoma) is to provide immediate income to unemployed persons. In over half of the areas program operators and MAPC members thought of PSE as an income transfer program as well as an employment program.

Another primary objective of PSE noted by CETA staff is to provide community services and fulfill unmet needs of the community. This is considered a major objective in at least half of the areas. In fact, Middle Rio Grande CETA staff stated that in some cases locally elected officials who often direct and supervise the activities of the prime sponsor consider meeting community needs to be as important an objective as providing employment opportunities.

In six of the eight sites, CETA officials stated that improving the employability of PSE participants through the improvement of work habits and, in some situations, job skills is another primary objec-

tive of PSE. At least half of the programs, however, indicated that the U.S. Department of Labor (DOL) hiring schedules were so demanding that staff had deemphasized this objective in their efforts to meet hiring schedules. Respondents in Dallas County, South East Texas and Austin stated that during the several months prior to the interviews a central objective of PSE was meeting the DOL hiring schedules.

In addition, Houston staff view the hiring of minorities by the city as an objective of PSE. Houston uses PSE as an affirmative action device--a screening device to identify qualified and hardworking minority workers.

Six of the local CETA programs perceive the same objectives for Titles II and VI. The other two programs (Houston and Middle Rio Grande) view absorption as an objective of Title II but not an objective of Title VI.

PLANNING PSE ACTIVITIES

Findings

The program staffs' perceptions of the objectives of PSE are reflected in their planning efforts. Client-oriented concerns such as absorption potential and employability development are important factors in planning PSE activities. However, other important concerns, such as the provision of community services and the need to meet the hiring schedules, compete with the client-oriented objectives.

The massive expansion of PSE, as part of President Carter's economic stimulus package, was cited as the cause of many prime sponsors' deemphasis of planning activities. Since many of the prime sponsors were, at the time of these interviews, operating at or close to the DOL hiring schedule, this barrier to effective planning apparently has been removed. Prime sponsors should be in a position to reemphasize planning activities and, in turn, emphasize the employment needs of PSE participants.

Demanding hiring schedules may lower the unemployment rate in the short run, but they may also interfere with the employability development efforts of the prime sponsor. This, in turn, may lower the transition/absorption rate of PSE participants. Demanding hiring schedules reduce the capacity of CETA staff to meet the employment needs of the target populations.

Absorption of PSE participants is still a major factor in planning PSE activities. CETA staff, however, did not at the time of this study consider transition of PSE participants into the private sector a factor in planning PSE activities.

A major factor in planning PSE activities is the potential of PSE projects to provide community services. Local elected officials

interviewed expressed serious concern on this point. This study was unable to assess whether community services or employability development were more important factors in planning PSE activities.

Basis For Findings

All of the programs surveyed have staff engaged in planning activities. The bulk of the planning efforts have centered around negotiations with sponsor agencies in developing activities and job slots for PSE participants. The PSE expansion has caused a rapid increase in the number of Title VI special projects and has entailed increased efforts to develop job slots in the public and private non-profit sectors.

Until recently, many of the local operators and advisory councils weighed a number of variables in planning PSE activities, including transition potential, employability development, cost factors, community needs and speed of implementation. However, several of the eight sponsors indicated that planning activities had been deemphasized due to the hiring schedules imposed by the DOL. CETA operators, in their attempt to meet the hiring schedules, were less concerned with a PSE project's potential for employability development or absorption than with the speed of implementing the project. Only the Hidalgo-Willacy program maintained its planning activities; the hiring schedule was not a problem in its area.

Although planning activities have been deemphasized, all but one of the sites surveyed (Dallas County) indicated that the potential for absorption is still a major factor in its PSE planning. Priority is given to projects which offer some assurance that PSE participants will be given consideration if and when permanent job opportunities develop. For example, in Houston, city departments that anticipate expansion in the coming year receive priority consideration for PSE projects. By selecting departments that will experience employment growth, Houston's CETA officials have designed a system where absorption can occur naturally. In South East Texas, CETA staff encourage absorption by writing into Title II contracts the recommendation that 50% of PSE participants be absorbed by the sponsoring agency. Texoma staff has developed a sophisticated project ranking system to determine which PSE projects should be funded. Transition/absorption potential, employability development, and cost-effectiveness are the three most important criteria in ranking projects. Austin has developed a ranking instrument which includes employability development, meeting community needs, and labor intensiveness of the project. Potential for transition is not a variable included in its ranking system.

South East Texas, Middle Rio Grande and Houston also do not include potential for absorption as a factor in planning Title VI special projects. The expansion of PSE has exceeded the capacity of user agencies to absorb many PSE participants. As a result, the re-

quirement for a commitment or even a suggestion to absorb the participant has been dropped as a special project selection criterion.

While absorption by the sponsor agency is considered a factor in planning most PSE activities, transition into the private sector is clearly not a factor. Only in Texoma does the program use local labor market information extensively, and even here it is used primarily in the planning of Title I activities. In effect, PSE appears to operate solely in the public/non-profit sector with little or no private sector involvement.

A major consideration in planning PSE activities in the Middle Rio Grande, South East Texas, Texoma, Hidalgo, Houston and Nortex areas is the potential to provide community services. Locally elected officials have a strong interest in the extent to which PSE activities can provide needed community services. For example, in the Middle Rio Grande Development Council, locally elected officials usually design physical improvement projects so that they can be completed within the time allotted for the PSE project. Thus, they minimize ongoing service commitments. In the Hidalgo-Willacy County Consortium, several small municipalities receive PSE slots although CETA operators know that the potential for absorption is very low. Similarly, the North Texas State Planning Region Consortium instituted a few projects to provide unmet community services even though no potential existed for the absorption of the PSE participant.

PSE jobs that emphasize provision of community services often do not provide employability development opportunities for PSE participants. Very often the jobs involve manual outdoor labor which imparts no increase in job skills. These projects do, however, supply needed community services which otherwise would not be provided. A beautification project in Austin illustrates the conflict between unmet community needs and employability development. The project involved 40 PSE workers in cleaning parks and recreation areas in Travis County. A public service was performed, but no marketable job skills were learned; moreover, there was potential for absorption by the county of no more than 3 of the 40 workers. In sum, although the eight CETA operators consider the potential for employability development a factor in planning PSE activities, the provision of community services often has higher priority.

INTAKE PROCEDURES

Findings

The Texas Employment Commission (TEC) is often responsible for the screening, certification and referral of PSE clients to potential job sites. TEC treats its PSE and other clients the same; it attempts to match persons with jobs. This is also true when the CETA staff is responsible for referral activities.

There seems to be one shortcoming in the process of matching the client's skills to the requirements of the job. Because of this process, and the requirement that the sponsor agency make the final hiring decision, it appears that persons most in need of employment--those with the fewest job skills--are underserved in PSE. The structure of the intake and referral process does not serve the needs of the hard-core unemployed. While PSE may reduce overall unemployment, the present intake system tends to reduce the effectiveness of PSE in dealing with the problems of the structurally unemployed.

Basis For Findings

The eight areas studies have developed systems to recruit eligible persons to apply for participation in Public Service Employment programs. The main instrument used has been a public information effort sponsored by the TEC and/or the CETA program. Recruitment efforts center around public service announcements on radio and television, and pamphlets and brochures distributed to area stores and government buildings. In addition, the South East Texas prime sponsor has contracted with Service Employment Redevelopment (SER) to recruit disadvantaged persons in the community.

Prime sponsor staff interviewed for this study did not consider recruitment activities to be a major CETA activity. The general consensus of program staff is that special recruitment efforts aimed at disadvantaged persons are generally unsuccessful. This is true even in South East Texas, where during the last quarter of 1977 the efforts of SER resulted in the placement of two PSE participants.

The Texas Employment Commission is responsible for the screening and certification of potential PSE clients for all eight areas except Texoma and Houston. In Texoma, the screening and certification process is a shared responsibility between the CETA program and TEC. In Houston, for Title II, TEC screens and certifies for unemployment eligibility. For Title VI in Houston, TEC works with the agency to whom the prime sponsor has subcontracted its Title VI program.

In Dallas County, South East Texas, the Capital Area Consortium (Austin only) and the North Texas State Planning Region Consortium, TEC refers the client to potential job slots. In these four areas CETA staff do not play a role in the intake process. TEC utilizes the same referral process for PSE and all other clients. If a potential employer requires specific skills (e.g., typing), TEC will assess the skill level of the applicant. In addition, TEC determines the applicant's vocational interests. On the other hand, client referrals in Texoma, Middle Rio Grande, Hidalgo-Willacy and Houston are the direct responsibility of the CETA program. Each program has its own referral system and there is a marked difference among them in their efforts to match the client's interests and skills and the needs of the employer. In Hidalgo-Willacy PSE clients are placed into Title II and VI posi-

tions on a random basis. In the Middle Rio Grande referrals are made on a "first come, first served" basis regardless of the client's skill level. In the Texoma area and Houston CETA counselors attempt to assess and place according to the employment needs of the client. A primary reason to try to find a good job match, as stated by the program operators, is to improve the PSE participants' chances of absorption into the sponsor agency.

In all eight areas, the final hiring decision is left to the sponsor agency. Sponsor agencies receive a number of referrals for each job. Information developed in this study suggests that persons most in need of subsidized employment--those with the fewest job skills--will be underserved in PSE as long as the final hiring decision is left with the employer.

EMPLOYABILITY DEVELOPMENT THROUGH PSE

Findings

In concept, working in PSE could enhance the employability of participants through developing good work habits, developing work credentials such as credible recommendations from supervisors, and skill training on the job. A key element to all these means of enhancing employability is quality supervision.

Generally, CETA staff perceives that PSE participants have poor work habits prior to entering the CETA system. Poor work habits are generally thought to include high rates of tardiness and unexcused absences, difficulty in accepting supervision, inability to get along with co-workers, and lack of dependability.

Among CETA staff, development of good work habits is widely considered to be an important benefit of public service employment. Many agencies sponsoring PSE positions stress this characteristic. The learning of proper work habits is viewed as the major means for participants to enhance their employability through PSE.

Many CETA staff indicated that orientation sessions would be useful to set the expectations of the participants and encourage them to get the most out of their PSE experience. However, only one study site had instituted orientation sessions for future PSE participants.

Public service employment provides an opportunity for a worker to demonstrate good work habits. However, none of the eight study sites had a systematic means for documenting good performance, or for conveying this information to potential future employers. Enhancing employability through development of work credential records is an area yet to be developed.

Skill training was the least emphasized means of enhancing employability in public service employment. In the eight Texas sites, PSE participants generally received little skill development training transferable to the private sector. There were no assurances asked for or required by CETA program staff that training and skill development received would be adequate to prepare participants for unsubsidized jobs.

The extent of supervision varies substantially among work sites. Supervision for Title II participants was generally at the same level as for regular employees. At some sites, however, Title VI participants received less supervision than regular employees. Since supervision is so closely related to employability development, inadequate or poor quality supervision has negative implications for transition into unsubsidized jobs.

Basis for Findings

All the program operators except those in Austin indicated that most PSE participants had few or no job skills and poor work habits prior to entering the CETA system. Austin differed in this regard because it has an abundance of persons with some college experience who have been unable to find employment. The consensus among program staffs is that PSE enhances the employability of the participant through the improvement of a person's work habits. PSE participants thus benefit through their exposure to the "world of work," i.e., the necessity of coming to work on time, learning how to get along with supervisors and co-workers and learning how to assume responsibility.

No consensus exists on the part of CETA staff, however, regarding the level of skill development that takes place in PSE. The Capital Area Consortium, the Middle Rio Grande Development Council, and Houston (Title VI) reported that participants do not learn job skills through PSE. The Dallas County, North Texas State Planning Region Consortium, and the Texoma Regional Planning Commission staff indicated that the job skills learned through PSE were usually not transferable to the private sector. In the Hidalgo-Willacy County Consortium area, even if the PSE participant learns skills through PSE, few job opportunities are available to anyone living in the area due to the poor economic conditions in South Texas.

All CETA staff emphasized that to improve potential for absorption PSE participants should be treated the same as regular full-time employees. All the areas reported that supervision of Title II participants was the same as regular employees. However, in Houston, Middle Rio Grande and South East Texas, CETA staff observed that Title VI workers were often kept separate from regular employees. In Texoma the perception is that Title VI workers are less job ready than Title II workers. Indeed, in Middle Rio Grande, local elected officials that direct CETA have emphasized that Title VI Special Project participants, being from the "bottom of the barrel," should be kept separate from regular city work crews to prevent the spread of "bad work habits." In Texoma, one CETA staff member felt that PSE participants would rather work on a PSE job for low wages rather than an unsubsidized job for higher wages because private jobs are more demanding than PSE jobs.

The level of training that PSE participants receive depends entirely on the training provided by the sponsor agency. All but one of the prime sponsors (Nortex is the exception) indicated that PSE participants receive at least the same level of training; that in many cases, the PSE participants receive more attention than regular workers, especially during the early stages of employment. All respondents recognized the importance of training and skill development in enhancing the employability of PSE participants; however, since jobs are not provided directly by the CETA prime sponsors, there are

few assurances that training and skill development will be adequate to enhance future employability.

In South East Texas, Middle Rio Grande, Nortex and Texoma, prime sponsors indicated that orientation sessions centering around employability considerations, such as learning proper work habits, understanding the expectations of the sponsoring agency, and defining the nature of a PSE job, would be beneficial to the PSE client. South East Texas CETA staff indicated that orientations probably would help to lower the high turnover rate of PSE participants during the first few weeks on the job. Texoma is the only prime sponsor that has an orientation program. Participants who lack general work habits are strongly encouraged to attend a three-week job readiness program operated by the public school system which introduces participants to the expectations of future employers. Other prime sponsors responded that they did not have the time or resources to operate such programs.

PSE WAGE RATES

All prime sponsor officials indicated that PSE participants are paid the same wage as regular entry level employees; PSE employers verified this information. PSE wage rates may present a barrier to transition into the private sector when public sector wages are higher than private sector wages. However, field work for this study yielded no meaningful insight on this question. Concern about higher public sector wage levels was voiced by several respondents, including prime sponsor staff at Nortex and Texoma and the Dallas County MAPC union representative.

PLACEMENT ACTIVITIES

Findings

A significant finding of this study is that there is no direct relationship between the prime sponsors' efforts and their success in placing PSE participants into unsubsidized employment. While a number of prime sponsor program efforts are supportive of transition, no causal relationship between transition success and prime sponsor inputs was established. A number of factors such as the make-up of the labor market, the unemployment rate, and the growth rate of the public sector, appear to be of overriding importance in determining placement effectiveness.

Basis For Findings

While some local CETA programs make efforts to enhance the possibility of the participant's absorption into the sponsoring agency, efforts to place PSE participants in the private sector are lacking. CETA staff have not involved sponsoring agencies in placement efforts. In fact, it is not apparent that CETA staff emphasizes the temporary

nature of the program to sponsoring agencies. In many areas, PSE participants, the PSE counselor, and the supervisors in the sponsoring agency do not recognize transition as a goal of the program.

Indeed, there are significant disincentives that mitigate against efforts to place PSE participants into unsubsidized employment. If the prime sponsor has trouble meeting its hiring schedule, a placement takes the prime sponsor further off this schedule. Also, if the program succeeds in its placement efforts, the staff must spend more time and effort planning future PSE projects. On the other hand, there are no incentives in the present agencies to upgrade their placement efforts.

Whereas CETA prime sponsors spend very little, if any, time with the PSE participant, the sponsoring agency usually spends about 40 hours per week with the PSE participant. The potential for prime sponsors to involve sponsoring agencies in transition efforts offers valuable untapped opportunity.

The Texas Employment Commission does not play a continuing role in placing PSE participants in unsubsidized employment. TEC does not search for a permanent job for the PSE participant until the PSE participant returns to TEC seeking a job (generally at or near the termination of the PSE position).

The involvement of the Manpower Advisory Planning Council in transition is generally limited to its interest in the potential of sponsor agencies to absorb PSE participants. Most MAPC members at the time of this study did not view the transition of PSE participants into private sector jobs as a goal of PSE.

PSE clients have few means of searching for private sector jobs; moreover, the participant is often not encouraged by the CETA staff to seek private employment. In addition, since the PSE participants are working full time, they have limited opportunities to search for other employment.

Role of Prime Sponsor in Placement. All of the CETA operators except Dallas and South East Texas employ PSE counselors to work specifically with Title II and VI participants. Although the specific functions of the PSE counselors differ, in general they provide their caseload with support and placement services. Most of the placement efforts of the PSE counselor revolve around increasing the potential for the absorption of the client into permanent employment with the sponsoring agency. Counselors meet with PSE participants in the field to discuss job possibilities in the sponsoring agency. In addition, in Austin, CETA participants receive a written notice regarding their temporary status and are informed of job opportunities within the sponsoring agency. None of the PSE counselors was found to be involved in a systematic manner with transition into the private sector.

Prime sponsors in Hidalgo, Middle Rio Grande, Austin and Texoma indicated that counselors were engaged in "job development" activities. Job development in the traditional sense involves staff members working with private and public employees to develop new job opportunities for CETA workers. Job development in this sense is carried out only in Hidalgo and here it is restricted primarily to Title I participants. Most of the "job development" being carried out for PSE clients involves absorption into the public/non-profit sector. In Texoma and Austin, where some private sector placement activities take place, efforts are on an unsystematic individual basis when counselors hear of openings in the private sector. Dallas and South East Texas do not employ job developers or PSE counselors; all placement and referrals are handled by the Texas Employment Commission. In these two areas, the PSE participant has almost no contact with the CETA prime sponsor.

None of the prime sponsors conducts orientation sessions for PSE sponsor supervisors to explain the goals and objectives of PSE. The only contact supervisors have with CETA staff is through contact with PSE counselors. In areas where there are no PSE counselors, there is no contact between the supervisors and CETA staff.

The sponsoring agency, while interested in absorbing PSE participants when possible, has no incentive to play an active role in enhancing the participant's possibilities for placement in the private sector. If the sponsoring agency succeeds in placing its best PSE participants into private sector jobs, it will be left with its worst participants and will have to retrain its new PSE participants.

Role of MAPC in Placement. In none of the areas studied did MAPC members formally assume the role of helping place PSE participants into unsubsidized jobs. In seven of the eight study sites the only involvement the MAPC had with placement occurred during the project approval process. The potential for absorption is a factor that the MAPC considers in recommending PSE activities. Seven of the eight MAPCs had not addressed the issue of transition of PSE participants into the private sector. Members of the eighth MAPC, Dallas County, expressed a strong interest in transition but were of the opinion that CETA staff did not listen to their input on the importance of transition.

The vast majority of MAPC members interviewed were not knowledgeable regarding operational aspects of PSE. Many were unfamiliar with the differences between Sustainment positions and Special Project slots. Most did not view the transition of PSE participants into unsubsidized employment as a central objective of PSE.

Role of the Employment Service in Placement. The primary responsibility of the TEC is in the screening, certification, and referral

of clients. Once the client is placed in a PSE job slot, TEC considers the client a "placement" and, therefore, considers its task completed unless and until the client returns to TEC in search of another job. TEC thus does not play a significant role in the transition of PSE participants into unsubsidized jobs.

Role of PSE Participant In Placement. As noted earlier, the main contact that PSE participants have with the CETA staff in six of the project sites is through the PSE counselor. The counselor's primary interest in placement, however, centers on absorption of the participant by the sponsoring agency. The PSE participant is not encouraged in a systematic manner to seek private sector employment.

In Nortex, Dallas, and South East Texas, while clients are told they are temporary workers at the onset of the job, CETA staff believe that this fact may become obscured with the passage of time. PSE participants probably need, but do not receive, repeated reminders and encouragement to seek permanent employment.

PSE clients also have difficulty finding the time to search for private sector jobs. If participants take time off from their PSE job to search for other employment they could jeopardize their continuation in PSE. This serves as a disincentive for them to seek permanent employment. In none of the eight sites was there a prime sponsor ruling indicating that PSE participants should be given time off from their PSE jobs to attend bona fide employment interviews.

LINKAGES WITH THE PRIVATE SECTOR

Findings

Interviews conducted during this study revealed the existence of few links between PSE and the private sector. PSE operates solely within the public and non-profit sectors. The private sector seemed to have little role or incentive to become involved with PSE.

The one link with the private sector is the Manpower Advisory Planning Council (MAPC). However, few of the MAPC members interviewed regard themselves as representatives of their respective groups (e.g., business and labor). They also do not view the transition of PSE participants to unsubsidized employment as a concern of the Council.

CETA staff almost universally favor improving linkages with the private sector. However, there is little agreement on feasible methods of achieving this goal. No promising models linking public service employment to the private sector were identified in this study.

Basis For Findings

In all eight geographic areas a major gap exists between CETA/PSE and the private sector. The one identifiable point of direct contact, the Manpower Advisory Planning Council, was not functioning to assist placements.

Seven of the eight prime sponsors had representatives from the business and labor communities on the MAPC (Hidalgo had neither); none of the MAPCs except Austin had business or labor subcommittees.

Only in Dallas County did MAPC members state that business and labor representatives were working toward closing the gap between PSE and the private sector. Although MAPC members make recommendations to the staff regarding PSE activities, the MAPC is not involved with the issue of the transition of PSE participants to unsubsidized employment. None of the MAPC members except those of Dallas County considers this issue to be within the purview of the Council.

When asked how they view their role on MAPCs, business and union representatives replied that they considered themselves to be "interested citizens" with regard to CETA/PSE. The business and union representatives become more involved with Title I OJT operations because OJT affects them directly. Given the fact that in design and in practice PSE operates exclusively in the public and non-profit sectors, business and union representatives do not perceive a role for the private sector in PSE.

CHAPTER IV

PUBLIC AND NON-PROFIT SECTOR PERSPECTIVES

INTRODUCTION

This study seeks to assess the effectiveness of CETA PSE programs, program staff, employers, and unions in facilitating the eventual placement of PSE participants into unsubsidized permanent employment. This chapter examines the perspectives of public sector and non-profit sector participant agencies (i.e., agencies that employ PSE participants) and public employee unions toward this issue.

Included as public sector participant agencies in this study are city and county departments which have PSE workers (e.g., Solid Waste, Public Works, Parks and Recreation, Health and Social Services, Police, Fire); school districts employing PSE participants; and state agencies which employ PSE workers (e.g., Texas Employment Commission). Non-profit sector participant agencies are organizations whose requests to local CETA prime sponsors for PSE participants have been filled. Examples are community-based organizations, such as the Urban League and SER-Jobs for Progress, and community action groups, such as the Associated City-County Economic Development Corporation of Hidalgo County.

Interviews were conducted in eight Texas study sites, including six prime sponsors and two balance of state areas. Major issues addressed in the interviews included:

- .How much consideration is given to the PSE participant's future placement into an unsubsidized job when PSE positions are designed and requested?
- .How has the PSE work experience enhanced the ability of the PSE participant to secure subsequent unsubsidized employment?
- .What has been the experience in placing PSE participants into unsubsidized jobs in their PSE department or agency (hereinafter referred to as "absorption")?
- .What is the capacity of public sector and non-profit sector participant agencies to absorb their PSE participants?
- .What linkages exist between these agencies and private sector employers to facilitate the transition of PSE participants into unsubsidized employment?
- .What roles are public employee unions assuming regarding the absorption or transition of PSE participants?

Responses to these and related questions are summarized in this chapter.

DESIGN OF PSE POSITIONS

Findings

In all eight study sites, public sector and non-profit sector (PS/NPS) participant (or, user) agencies expressed satisfaction with their PSE program experiences. This positive response reflected both the additional staffing available to the agencies during their participation (thereby lessening the need to hire permanent employees) and the agencies' opportunities to assess PSE participant (and potential employee) work habits and skill development during the equivalent of a probation period.

In the planning process through which PSE positions are developed, PS/NPS participant agencies in all eight sites give attention to the potential future absorption of PSE participants into permanent positions, although the level of emphasis varies. In at least three sites, for example, agencies differentiate with respect to absorption between Title II and Title VI workers. In some sites, agency proposals to CETA program staff for PSE positions receive higher rankings if absorption statements are included.

Less clear is whether future employment opportunities in the private sector for PSE participants are enhanced through exposure to structured work situations. The most frequently stated examples of such enhancement were the development of better work habits and the provision of work experience. In one site, employability also is enhanced by the voluntary participation of PSE participants in educational programs available through the local independent school districts.

Less clear is whether future employment opportunities in the private sector for PSE participants are enhanced as a result of their PS/NPS work experience. As illustrated both in this chapter and in Chapter V, the claimed employability enhancement of PSE participants might more accurately be characterized as minimal preparation for PS/NPS jobs. (It should be noted, however, that this study was conducted during a period of primary emphasis nationally by prime sponsors on PSE buildup rather than on placement of PSE participants in unsubsidized jobs.)

Basis For Findings

Design Factors. As viewed by the PS/NPS participant agencies, a primary consideration in the design of PSE programs is absorption potential. However, the planning processes for PSE positions in the eight study sites vary considerably in their consideration of this factor.

While in Texoma and North Texas State city departments expressed their hopes for absorption in the proposals they submit to CETA program staff, in Hidalgo County PS/NPS participant agencies seek to absorb at least 50 percent of their PSE program participants. The City of McAllen, in fact, encourages all agencies to fill vacancies with individuals completing their PSE program experience.

PS/NPS participant agencies in Middle Rio Grande have an unstated responsibility to absorb Title II participants who perform acceptably, but they have obtained waivers of absorption responsibility for their Title VI expansion participants. In Austin, a PS/NPS Title VI proposal is reviewed more favorably if it includes a statement about absorption. However, the exact number of persons to be absorbed by a participant agency need not be stated. Absorption is not an element of Title II PSE program planning in Austin. No attempt is made to fit PSE workers to the jobs available. Public sector employers who contact the CETA program staff and request PSE positions to satisfy specific job needs receive candidates on a "first come, first served" basis.

To illustrate further how absorption is included in the planning process, city and county governments frequently participate in PSE programs to the extent consistent with their budgets for the current and following years. In Houston, PS/NPS absorption for Title II Sustaining PSE participants is assessed after the city budget has been approved and after a verbal absorption statement is solicited from the participant agencies by the CETA program staff. However, absorption is not considered for Title II Special Projects PSE participants, because most of the PSE jobs in this latter classification are low-skill laborer positions. Of the more than 200 project proposals submitted for Houston's Title VI program, only a few include statements about the PSE participants' job future. One exception is the Gulf Coast Community Services Association project to provide minor household repair (e.g., home weatherization) for senior citizens' residences, one of whose objectives is to develop jobs and place PSE participants into unsubsidized permanent employment.

Employee development also is a PS/NPS consideration in the PSE program planning process. In Hidalgo County, for example, PSE positions set up through the independent school districts and the non-profit Associated City-County Economic Development Corporation of Hidalgo County (ACCEDC) emphasize employee development. The program contains either a training component (e.g., beautification and weatherization positions include limited training in such construction crafts as engineering, plastering, bricklaying, carpentry, and plumbing) or an educational component (e.g., the opportunity to obtain a General Equivalency Degree, or GED).

Program Experiences. PS/NPS participant agencies in all eight study sites expressed satisfaction with the PSE programs. For instance, all such employers interviewed in Hidalgo County stated that the use of PSE participants was extremely beneficial to their respective organizations. PSE positions could be used--and were being used--to train workers for specific permanent job slots in their agencies. In South East Texas as well as in Hidalgo County, the PSE experience is regarded as providing the participant agency with a "free year" to evaluate worker job performance.

Perceptions of PS/NPS participant agencies regarding the effect of the experiences of PSE program participants are uneven. Although there was general agreement that worker employability is enhanced through exposure to a structured work situation, PS/NPS responses vary widely among and within the eight sites with regard to work habits, skill development, and general employability enhancement of PSE participants.

In four of the eight sites, Hidalgo County, Houston, South East Texas, and Texoma, public sector participant agencies reported that the work habits of some PSE participants were not good at the start of their PSE assignments but improved after several months on the job. The attitude of some participant agencies in South East Texas regarding PSE participants' work attitudes, according to a memorandum circulated in that area, is that these workers want "to be treated different than a regular employee; such as not wanting to work out in bad weather, not wanting to change jobs, etc. Work habits, such as regular attendance and being on time, are less than desirable."

In Houston, the Gulf Coast Community Service Association indicated that at least half of the turnover of PSE participants was due to poor work habits. On the other hand, Houston's Urban League indicated that only a small percentage of its PSE workers come to the job with poor work habits. This difference may be because the Urban League provides an orientation program for new PSE participants which includes an explanation of the PSE programs and discussion of actions, responsibilities, and appearance in the work environment expected by employers. The apparent success of this Urban League approach suggests that such orientation programs could significantly improve PSE program effectiveness.

In Hidalgo County, the absence of positive work attitudes of workers assigned to entry-level jobs is common among both PSE participants and non-PSE workers. This is particularly true among the relatively unskilled and uneducated migrants and seasonal workers. In such a work environment, a year's experience in a PSE position gives a worker in Hidalgo County a significant advantage.

Different entry-level situations were reported in Austin and Dallas County. In Austin, two public sector participant agencies

reported that PSE participants generally come to the job with better work habits than most regular employees. The PSE participant compares favorably with other employees in dependability, punctuality, communication skills, and appearance. One explanation for this favorable comparison may be that PSE participants working for these Austin employers have a higher educational level than most other employees; in fact, several have attended college.

The Dallas County responses were mixed. On the one hand, the Dallas County personnel director stated that PSE participants were very skilled and required no training. Other PS/NPS participant agencies in Dallas County felt that PSE participants were low-skilled and required both training and supervision.

When PSE participants' work habits are good (e.g., they are dependable and have good attendance records) employability can be further improved by the provision of skill development opportunities. In Dallas County, PSE participants formerly had to follow the same procedures (including testing) as other potential employees in order to obtain employment. Recently a new position--opportunity trainee--was created, which allows low-skilled participants to be hired at lower salaries without testing. Then, as their skills improve, the PSE opportunity trainees take a non-competitive test. If they pass this test, they are moved into a higher-level job and their salary is increased. This trainee approach for PSE participants is common in Dallas County.

Public sector participant agencies in both Houston and South East Texas stated that skill development is job-specific. In Houston, for instance, a secretary in a Title II Sustaining PSE position will acquire more skills--and more skills transferable to the private sector--than a laborer in a Title II Special Projects PSE position. In South East Texas, transferable skills acquired by PSE participants have included learning how an office works, how to operate trucks and chain saws, and how to mold concrete.

This emphasis on transferable job skills is also evident at the City of Austin's Utility Customer Service office. There, PSE participants perform the same functions as other employees, including answering the telephone, taking orders for starting and cutting off water and electricity, providing information about utility services, and using cathode-ray computer terminals to check customer records.

Less certain about the development of transferable job skills was an assistant city manager in Hidalgo County. Since many of the PSE positions there are government services oriented, he feels that the PSE experience does not improve the subsequent employability in the private sector of PSE participants. Generalization is difficult, however, as suggested by the fact that Title II PSE positions in this same city include a purchasing agent, an assistant purchasing agent, a

customer service officer, a reference librarian, a visual aide, and a desk clerk, as well as an engineering draftsman and a mechanic in the Title VI PSE program.

PSE program design, educational options, and supervisory treatment of PSE participants have, in some areas, a positive influence on employability enhancement. The Gulf Coast Community Services Association in Houston believes that employability could be enhanced by a PSE program, provided the PSE jobs were well-designed. To this end, its PSE jobs contain a six-week comprehensive orientation for PSE participants on social services, the development of quality jobs related to the job descriptions and to social services in general, and the encouragement of participants to establish contact with social service agencies.

In Hidalgo County, the employability and marketability of PSE participants is enhanced through their participation in the educational programs available through the independent school districts (ISDs). PSE participants and other people in the community come voluntarily to the ISDs to receive free instruction in English, writing and reading, and basic adult high school education. This educational training also provides a GED to individuals who are capable of completing the GED program. Some of the ISDs also provide vocational training.

Not all PS/NPS participant agency initiatives may be productive, however. Employability may not be enhanced in areas where Title II and Title VI Special Projects PSE workers are treated differently than Sustaining PSE workers. In Houston, for example, Title II Special Projects PSE participants in city departments are mainly laborers and are separated from regular workers. These Title II Special Projects PSE laborers generally work only in crews made up entirely of Special Projects workers. The supervisor of this crew may be a PSE participant. Special Projects workers also wear orange uniforms, while regular city workers wear brown uniforms. A department supervisor in the Houston Bridges Division explained that the different color uniforms were useful to both the city and the community. If work is not completed or if a citizen calls with a complaint that work is not being performed (e.g., workers standing around), the supervisor only needs to know what color uniforms the crew members were wearing to know whether PSE participants are involved. Since Special Projects workers are not trained to do certain jobs, their lack of work activity may be due to their lack of skill training, in which case improved work assignments can be made in the future. In another South East Texas city Title VI Special Projects PSE workers do not receive city uniforms because their jobs are considered temporary and the city feels it would be a waste of money.

ABSORPTION AND THE CAPACITY FOR ABSORPTION

Findings

In all eight study sites, the absorption of PSE participants by PS/NPS user agencies has been the most common means of placing PSE workers into unsubsidized employment. Geographic areas in which the size of the PS/NPS labor force is increasing can provide the greatest opportunities for absorption. When jobs are available--and in the study sites this has occurred more often in the public sector than in the non-profit sector--a PSE participant with a good work record and the necessary skills has an excellent chance for permanent employment.

PS/NPS participant agencies view absorption as generally beneficial. In two sites experiencing expanding public sectors, for example, the increased demands for community services can be conveniently staffed through absorption. In at least three areas, absorption also serves as a means for county and city government to achieve affirmative action goals.

Several barriers to absorption have been identified. Since non-profit agencies depend in part on non-PSE program funding to operate, in this sector absorption may hinge upon an agency's ability to obtain grants from alternate sources. In the public sector, city departments cannot hire the PSE participant on a permanent basis if the city council has refused to allow requests for new personnel. Absorption also is hindered when local government departments have low employee turnover rates. Another barrier to absorption in some sites is the practice of holding level the permanent work force while expanding the number of PSE positions.

An interesting development in at least two sites is that PSE participants who have a good work record but who are not able to be absorbed into unsubsidized positions have opportunities to extend their subsidized employment by shifting into other CETA program positions.

Basis For Findings

Absorption is occurring in all eight sites. A PSE participant with a good work record and the necessary skills has a very good chance to obtain permanent employment in his/her own agency, especially in the sites (e.g., Houston, Hidalgo County, North Texas State) where the public sector is expanding to meet increased demands for community services.

In Houston the absorption rate for Title II Sustaining PSE participants is estimated to be two-thirds or more, with permanent jobs similar to workers' previous PSE positions. Another region with a growing public sector is Hidalgo County. In the City of McAllen, for instance, 95 percent of 35 Title II and Title VI PSE participants have

been absorbed into positions based upon their PSE experiences, including a draftsman, visual aide, reference librarian, and clerk/secretary. In the non-profit ACCEDC of Hidalgo County 25 of 28 Title II and Title VI PSE participants were absorbed in one quarter alone.

In North Texas State, a section in one of the city departments has absorbed four of its nine PSE workers into permanent civilian positions. Three of the nine are still in the PSE program. A county office in this region has absorbed two of four PSE participants into parallel jobs six months after they entered the PSE program. In addition, a mental health and mental retardation center has absorbed 95 percent of its Title I and Title II PSE participants into clerical positions, as well as 7 of its 13 Title VI PSE workers.

Similar absorption patterns exist in South East Texas. During calendar year 1977, the City of Beaumont was authorized a monthly average of 123 PSE personnel slots, with, on average, an additional 31 monthly personnel spaces on a temporary basis from July through September. Of the 123 PSE personnel, 28 percent were transferred to the regular city budget. An additional 7 percent were, through promotions, placed on the city budget. Thus over one-third were moved into unsubsidized permanent positions.

The absorption of these PSE workers in South East Texas also serves to achieve affirmative action goals in city governments. Seven of the 43 PSE participants who obtained unsubsidized employment through absorption were white females, four were white males, sixteen were black females, and sixteen were black males. Two other study sites, Texoma and Houston, also use absorption to achieve affirmative action goals.

Other study sites indicate lower absorption rates. In the Texoma region, the Sherman and Denison Senior Nutrition and Assistance Program has absorbed 50 percent of its 90 PSE workers. Most of these workers are older people working part-time, however, with their non-PSE program wages paid from federal funds for the elderly. The Denison Independent School District has absorbed only one out of five of its PSE clerical and maintenance workers, while the City of Sherman has been able to absorb only ten percent of its PSE participants.

Three PS/NPS participant agencies in Austin could not predict whether any of their PSE participants would be absorbed. Again, the primary reason for the uncertainty was funding.

An administrative assistant at a City of Austin commission explained that the budgets of all departments had been cut by the Austin City Council, and no requests for new personnel had been approved. A supervisor in another City of Austin department felt that to function effectively her department needed its PSE participants, but she was uncertain about the availability of permanent positions.

The third employer, a non-profit agency, would keep two or three of its PSE participants if funding could be obtained.

Absorption opportunities also are limited in regions of little economic growth. In Middle Rio Grande, for example, the limited growth in non-federal local public revenues permits less than a five percent expansion in local public sector employment. Furthermore, low employee turnover rates in public sector agencies are often associated with a non-expanding economy in which few new jobs are created. In two Middle Rio Grande counties, the annual turnover rate is only ten percent, even in the lowest paid position.

The non-profit sector frequently is less able than the public sector to absorb PSE participants, even in areas where the economy is expanding. In Houston, for instance, the Urban League and the Gulf Coast Community Services Association together employ 1,400 PSE workers. (The magnitude of their programs is due to the expanded Title VI stimulus program.) At present these agencies have only seven entry-level permanent positions open, and only approximately 180 entry-level replacement openings will occur during 1978. Clearly, only a small percentage of their PSE participants will be absorbed, regardless of their skill levels and experience.

Another barrier to absorption is presented by those cities that have stopped expanding their labor forces and, rather, are filling new positions with PSE participants. Admittedly, it is unclear how many of these positions would have been created in the absence of the CETA programs. Had the number of regularly budgeted positions expanded normally, however, presumably more absorption opportunities would have existed. In South East Texas, for example, the City of Beaumont built a new library three times the size of the old library. Instead of creating additional permanent library staff positions, the city increased the number of its PSE workers employed at the library. Other city departments (e.g., Parks and Recreation, Police) observed that, because of similar employment practices, their departments would be unable to function if the PSE programs were to end now.

Limited increases in permanent budgeted positions are also occurring in the small cities in economically depressed Hidalgo County. Present budgets are inadequate to handle the service needs of these cities. Thus, PSE positions are used to supplement the cities' staff, even though opportunities for absorption are almost non-existent.

An alternative to absorption exists in Houston and South East Texas, where PSE participants who are not absorbed have opportunities to move into other, more secure CETA positions. In Houston, a "promotion" from a Title II Special Projects PSE position to a Title II Sustaining PSE job gives the PSE participant more rights and benefits under the city system. Additional fringe benefits include retirement benefits, vacation time, and sick leave. As for increased rights, the

Special Projects job is dependent upon satisfactory work performance, whereas the Sustaining worker is guaranteed a year of work. In the City of Houston Bridges Division, for instance, a Title II Special Projects PSE worker who showed an interest in his work was transferred (i.e., "promoted") to a Title II Sustaining PSE position. Similar "promotions" are common in South East Texas when a PSE participant performs satisfactory work.

LACK OF TRANSITION INTO THE PRIVATE SECTOR

Findings

PSE participants who are not absorbed have little chance of being referred to employment opportunities in the private sector. PS/NPS participant agencies have few, if any, incentives to develop linkages with the private sector for the purpose of referring PSE participants for permanent employment. These user agencies view these linkages neither as their responsibility nor as in their best interests, for any PS/NPS agency promoting transition will have to replace its PSE participants or hire workers about whose skill levels and work habits it knows little. (Nor did the CETA prime sponsor staffs have transition as their primary emphasis, during the period of this study. In accord with national priorities, they were emphasizing PSE buildup at the expense of placing PSE participants into unsubsidized jobs.)

In spite of these significant disincentives, instances were found in which informal linkages have emerged. In one case, a public sector employer contacted both public sector and private sector employers to place qualified PSE participants who could not be absorbed. In another instance, a supervisor of PSE participants in a labor union referred qualified participants to job interviews in the private sector. Improved private sector linkages with the PSE program might be possible if they were promoted by interagency coordination or program guidelines.

Basis for Findings

Very few linkages exist between PS/NPS user agencies and the private sector to facilitate the permanent employment of PSE participants. In Houston, Hidalgo County, South East Texas, North East Texas, and Middle Rio Grande, public sector employers are concerned primarily with the absorption of a qualified workers into their own organization or, possibly, into another public sector agency. PSE participants in South East Texas and Houston who have found private sector jobs have done so primarily on their own initiative; public sector employers in those areas offer no substantial assistance. Nor do these linkages exist in Middle Rio Grande, for transition to private sector employment is not viewed by agencies as a goal of the PSE programs. As in South East Texas, local governments in Middle Rio Grande that promote transition would have to replace their PSE participants with less-skilled PSE participants.

A few exceptions--both ad hoc and informal--to this lack of linkages were observed. In Texoma, the Senior Nutrition and Assistance Program director contacts both public sector and private sector employers she believes will hire qualified PSE participants whom her program cannot absorb. The personnel director for the City of Sherman (in Texoma) also attempts to place in either the public sector or the private sector PSE participants his agency cannot absorb. Success rates in either instance were not available.

In Houston, the supervisor of PSE participants, working with the AFL-CIO, refers them to available permanent positions throughout the community, including the private sector. For example, one former PSE participant is working as a legal secretary with a private firm after being recommended for the position by this supervisor. The union's close connection with the private sector is an important reason these PSE participants learn of job openings. In one instance, in fact, a person eligible for a PSE position was sent to a telephone company for a job interview instead of being brought into a PSE position.

Such PS/NPS participant agency initiatives are rare, however, and more incentives need to be created to promote greater transition to private sector employment. One possible approach was suggested in Austin by the past director of the Mexican-American Chamber of Commerce, who stated that PSE programs should be linked with Economic Development Administration (EDA) public works projects in concentrated minority areas. Coordinating economic development in these areas would demonstrate the tangible benefits of PSE and increase minority employment. For example, should the proposed Mexican-American Market in East Austin be constructed by the City of Austin, PSE participants could assist private contractors and thereby improve their opportunities for permanent private sector employment.

Local officials in Middle Rio Grande were less certain about the feasibility of such an integrated approach. In this region, EDA funds currently are financing several public works projects (e.g., a new city hall complex in Eagle Pass) which are contracted to private firms. If the hiring of PSE participants were stipulated in the contracts, the future transition of these PSE construction workers would be enhanced. Local government officials, when asked about this possibility, responded that it had never been considered. They did not believe it would work, however, since many contractors are based outside the region and bring all their workers except unskilled labor with them. Nevertheless, the PSE programs might be able to provide some of the workers, including the unskilled labor.

ROLE OF PUBLIC EMPLOYEE UNIONS

Findings

Public employee union perceptions of and experiences with the PSE programs were registered in four of the eight study sites: Austin, Dallas County, Houston, and South East Texas. In the first two, PSE participants do not join the public employees union. Union membership in the other two sites is voluntary.

Public employee unions can become involved in absorption if the union representative is aware of the temporary status of a PSE participant (who is a union member) and if the representative is asked to investigate a member's termination from, or completion of his PSE program.

No major grievances have been filed by the public employee unions on behalf of their PSE members. But the distinction in Houston between treatment of regular city workers and Title II Special Projects PSE workers has the potential of becoming a problem.

Basis for Findings

Of the eight study sites, no reportable public employee union responses were obtained in four: in Middle Rio Grande, labor union activity is low and the union locals are located elsewhere in the state; in Texoma, attempts to contact labor representatives were unsuccessful; in North Texas State, the unions are reluctant to become involved with government programs and interviewees from this study were requested not to speak with their representatives; and in Hidalgo County, recent court indictments of union representatives made it impossible to interview them. Responses were obtained in the other four sites, primarily from the local AFSCME (American Federation of State, County, and Municipal Employees) representatives in Houston and South East Texas and the Golden Triangle Public Employees Union in South East Texas.

Interviews with public employee union representatives sought to determine if PSE participants are represented by the local unions, if the unions pose barriers to PSE participants' absorption or transition into unsubsidized employment, and if the unions have experienced any conflicts with local PSE programs.

In Dallas County and Austin, PSE participants do not join the public employees union. In both Houston and South East Texas, PSE participants may voluntarily join the union. The Houston AFSCME representative visits the job site and discusses union membership with all employees; this representative is fully aware of a PSE participant's temporary status. In South East Texas, the public employee union representative does not know who is a PSE employee and who is a regular employee.

There is a problem with union membership of short-term PSE participants. In Houston, it takes approximately six weeks to process a payroll deduction for union membership. Due to the turnover of persons in this area's Title II Special Projects, a PSE worker may have quit the job before his/her union membership becomes official. If a Houston PSE worker does join the AFSCME union and remains on the job for one year, however, the union representative then can attempt to influence the worker's absorption. The AFSCME representative will try to slot the PSE worker into a regular city position by stressing to the city department supervisors the PSE worker's past job performance. But there is no guarantee that a permanent job will be found for the PSE participant, as the union cannot force a city department to hire employees.

In South East Texas, the AFSCME representative will become involved in any union member's appeal process, whether the union member is a PSE workers or a regular worker. Houston's representative will work with the City of Houston's Civil Service Department if there is a problem concerning a PSE participant. A potential problem concerning the termination procedure of Houston's Title II Special Projects PSE participants was raised. If termination from the PSE program is due to lack of funds, the PSE employee is automatically placed on a waiting list for city jobs. However, at the end of the funding year, supervisors may find a reason other than lack of funds to terminate a PSE employee. For example, a supervisor could claim excessive absenteeism as a reason to terminate a PSE employee, thereby eliminating any possibility of absorption into a regular civil service position or placement on a waiting list. While the Houston AFSCME representative saw this as a potential problem, no grievances have been filed on behalf of Title II Special Projects PSE workers.

Another potential problem cited by the Houston AFSCME representative involves the level of supervision and the treatment of Title II Special Projects PSE workers. (The AFSCME local in Houston has approximately 7,000 members and is recognized by the City of Houston.) Work crews in several city departments (e.g., Solid Waste, Public Works) generally do not mix regular workers with Special Projects workers. Different color uniforms distinguish the Special Projects PSE workers from the regular city department workers. In some instances, the supervisor of a Special Projects work crew also may be a PSE participant and unfamiliar with the work. All these factors contribute to the separation of the PSE workers from the regular work situation.

In South East Texas, the Golden Triangle Public Employees Union is familiar with the PSE program in this area but the director has had no direct contact with the CETA prime sponsor staff or MAPC members. (The Golden Triangle Public Employees Union has approximately 600 members, but is not recognized by the City of Beaumont. Two others, the firefighters' and policemen's unions, are recognized by the city.)

He feels that the PSE program does enhance the employability of some participants. Of those skills he believes are learned through PSE work experience, however, only a few can be applied in the private sector. This representative saw no problem with the PSE program with respect to wage differentials, differing job classifications, or substitution.

CHAPTER V

PRIVATE SECTOR PERSPECTIVES

This chapter examines the perspectives of private sector employers and unions toward the efforts of CETA PSE programs, program staff, employers, and unions to facilitate the placement of PSE participants in unsubsidized permanent employment.

Interviews were conducted in each of the eight study sites. At least five of the largest local employers in each area were interviewed. Additional private sector employers representing the area's major employment sectors--manufacturing, construction, retail and wholesale trade, or agriculture--were included.

These interviews with private sector employers and union representatives sought to determine what barriers exist in placing PSE participants into unsubsidized private sector employment. Issues addressed included:

- .What are the private sector's understandings and perceptions of their local CETA (and PSE) programs?
- .What types of direct and indirect contact exist between CETA prime sponsors and the private sector?
- .How do private sector employers relate to the prime sponsor staff and the Texas Employment Commission (TEC) in the transition of PSE participants into unsubsidized private sector employment?
- .Do the entry-level qualifications deemed most important by private employers pose barriers to transition from PSE programs?
- .What impact do local labor market information, the state of the local economy, and the local political environment have on the placement of PSE participants in private sector jobs.?

Responses to these and related questions are summarized in this chapter.

PERCEPTIONS OF LOCAL CETA/PSE PROGRAMS

Findings

Most private sector employers interviewed had heard of CETA, with some employers attributing their knowledge to newspaper reports of recent investigations into alleged misallocation of CETA funds. Few of the employers were aware of the variety of CETA programs, however, and few were able to describe or distinguish between PSE and non-PSE programs. Nevertheless, most employers interviewed expressed a favorable perception of the overall CETA effort.

Private employers most knowledgeable about the various CETA programs were either present or past members of their local prime sponsor Manpower Advisory Planning Council (MAPC) or were close associates of MAPC members.

Basis For Findings

In most of the eight study sites, private sector employers were aware of CETA's existence. For example, all employers interviewed in Texoma had heard of CETA, while four of the five private employers interviewed in South East Texas were familiar with CETA. In Middle Rio Grande, however, all but one of the private employers interviewed were unaware of what the acronym "CETA" stood for.

Six of the eight study teams reported that private sector employers generally viewed the CETA program favorably. In some cases, however, employers expressed an opinion only after the program was explained to them by the interviewer.

One site where a negative opinion of CETA exists is Hidalgo County, where indictments of CETA-related officials in the past year have given CETA a bad image. CETA participants there are viewed by private sector employers as tainted due to their enrollment in a federal employment program.

In Texoma the general awareness of CETA is low, yet favorable. Three employers, Weber Aircraft, Continental Conveyor, and Texas Instruments, felt that any CETA participant who already had been screened during PSE participation, had established a good work record, and had shown initiative in seeking a job would be a competitive applicant for a job in the private sector.

A few employers (e.g., Kirksey Butane in Austin and Bethlehem Steel in South East Texas) expressed concern that the PSE programs only offered "make-work." Others doubted that skills learned from PSE jobs were transferable to the private sector. A representative from Texas Instruments in Austin expressed doubts that skills learned in street cleaning and repair would ever be applicable to private sector jobs. This opinion was shared by a Shell Oil Company representative in Houston.

Private sector employers generally recognize that skill development depends on the type of job held by a PSE participant; very few, however, have any idea what types of jobs are held by PSE workers. Assumptions exist (as noted in the preceding paragraph), but employers seldom even know that PSE programs do not extend to the private sector.

Practically all employers interviewed in the eight sites felt that the primary benefit of PSE would be to improve the work habits of

the participants. All of the employers interviewed in Dallas County and North Texas State, for example, expressed the belief that learning how to hold a job was the most important result to be gained.

INVOLVEMENT WITH PSE PROGRAMS AND TRANSITION

Findings

Very few private sector employers have direct contact with the local CETA prime sponsor staff. The only contacts identified in the study occurred when an employer and CETA program staff developed a Title I OJT program or when an employer was asked to serve as a MAPC member.

Private sector employers do not contact CETA prime sponsor staff directly to identify potential employees. Nor had any of the private employers interviewed been contacted by a member of a prime sponsor's staff who was trying to place PSE workers. Indirect contact occurs when the employers contact the Texas Employment Commission, which handles eligibility certification for PSE applicants. Yet few employers interviewed are aware if they are hiring former PSE participants. Those who are aware have mixed reactions regarding the value of the PSE experience.

Two primary reasons were given for the lack of transition into unsubsidized employment: the lack of direct contact between private employers and CETA program staff; and the structure of the PSE program, which restricts PSE participants to jobs in the public and non-profit sectors. Some employers want to maintain this separation because they have their own internal training programs, have an ample supply of skilled workers, or want to avoid government paperwork. Yet some employers would be willing to hire PSE participants, but they have never been approached by a prime sponsor representative. This finding may have resulted in part from the national emphasis during the time of this study on PSE buildup rather than on the placement of PSE participants in unsubsidized private sector jobs.

In considering whether PSE participants meet entry-level qualifications, all employers interviewed stated they require new employees to have good working habits. The most important characteristic is dependability. The state of the economy in each region affects the feasibility of placing a PSE worker in a permanent, unsubsidized private sector job. Less important (except in Hidalgo County) is the local political environment.

Basis for Findings

Contacts: In each of the eight study sites, private sector employers' contacts with the CETA prime sponsor staff were minimal.

When contact had been made, it usually occurred because the prime sponsor staff sought the participation of the employer in a Title I OJT program (South East Texas, Houston, Texas). In South East Texas, for instance, Bethlehem Steel had worked with the prime sponsor staff to develop and establish a welder's training program when there was a shortage of qualified welders in the area. A representative from this firm attended several MAPC meetings to support the training program. (Because there is now an adequate number of welders in the area, this OJT program has been discontinued.)

While direct contact is rare, some indirect contact through the TEC does exist between the prime sponsor and the private sector, because TEC handles eligibility certification for PSE applicants in all areas. Although private employers do not contact prime sponsor staff to locate potential employees, many do look to TEC for candidates and list their openings with TEC. Private employers contacting TEC for applicants may in this way be assisting in the placement of PSE participants, but may not be aware of this indirect involvement.

Given the variety of ways in which private employers locate employees, their minimal knowledge of and involvement with PSE programs is not surprising. In Austin, for example, Glastron Boat Company finds employees through TEC, newspaper advertisements, minority recruitment programs (e.g., SER), and walk-in applicants. Southwestern Bell in Beaumont (South East Texas) locates employees through TEC, the Texas Rehabilitation Commission, local schools, and churches. Other employers use community-based organizations, trade councils, private referral services, and non-profit corporations (e.g., Urban League).

Transition: One reason (suggested by the Texoma and South East Texas site teams) that few employers interviewed knew whether they were hiring former PSE participants is that applicants, when listing previous work experience on job applications, generally list their previous places of employment but not their PSE program participation. In South East Texas, for instance, none of the employers interviewed in this study knew if any of their present employees had ever participated in any Title I or PSE program.

One exception to this lack of awareness is the Weber Aircraft Co. in Texoma, whose personnel director is a former MAPC member. If a former place of employment listed by a job applicant appears to the personnel director to be a PS/NPS participant agency in the PSE program, the director asks the applicant if she/he has been a PSE participant. If so, the personnel director is favorably inclined toward the applicant, whom he feels probably has acquired valuable work habits.

Another exception is the Levi Strauss Company (North Texas State), which has hired CETA participants upon completion of their

CETA program. These applicants have been referred to Levi Strauss by TEC or the local community action agency, or they have come on their own initiative. Levi Strauss officials felt that the prior work record of former CETA participants distinguished them from other entry-level applicants. The firm indicated that former CETA workers generally had more stable work records because of their CETA experience; non-CETA applicants appeared to have switched jobs more often in search of acceptable work.

Most Houston employers who have hired CETA participants expressed the opinion that these applicants are indistinguishable from other applicants when criteria such as test scores and success in a training program are the determining factors in the hiring process. However, Shell Oil (Houston) officials stated that their applicants who have been CETA participants were not up to par with their non-CETA applicants. Moreover, at Hughes Tool Co. (Houston) some CETA-experienced job applicants for secretarial positions had adequate typing skills but lacked interpersonal skills.

In several study sites private sector employers stated they would be willing to hire PSE participants but had never been approached by a CETA prime sponsor representative. Texas Instruments (Texoma) and Dresser Industries and Southland Corporation (Dallas County) each expressed an interest in hiring persons who had completed PSE programs. However, none of these firms has ever been asked to hire a PSE participant. In addition, several Hidalgo County private employees (e.g., Edinburg Citrus Association, Griffin and Brand, Inc., and, to a lesser extent, Dan Newey Construction) acknowledged in interviews that they might be more disposed to using CETA Title I participants or to hiring CETA Titles II and VI participants if they really could assess the extent and content of the applicants' CETA participation and work experience.

On the other hand, some private employers are relieved that they have not been contacted by their local prime sponsor, because they do not want to become involved in any type of CETA program. Kirby Lumber Co. and Southwestern Bell (South East Texas), for example, fear that they would have to cope with too much federal government paperwork if they were to participate in the CETA Title I program. Shell Oil (Houston) is disinterested in CETA participation because the firm already does its own employee training and feels no need for external assistance. In North Texas State, private manufacturers believe that participants in all CETA programs lack skill levels high enough to warrant their firms' participation. These employers state that they already have an ample supply of skilled workers.

Nor does the idea of a private sector program similar to the PSE program generate much support in the private sector. For example, Sears, Roebuck & Co. (Houston) stated it was not attracted to such a program because it could not guarantee permanent employment to a

participant (i.e., absorption) once the period of subsidized employment ended. (This suggests a private sector misconception about the placement and absorption elements of the current PSE program.) The Sears official felt that once a person had become highly motivated, he/she would start planning on permanent private sector employment. If the company then could not offer the person permanent employment, the person's motivation would be destroyed, a thought viewed as "scary" by the Sears representative.

In summary, if the transition from PSE programs to private sector jobs is to be encouraged, then the PSE participants themselves, the private employers, and the prime sponsor (or TEC) must actively promote transition. As the program is now structured, the individual PSE participant rarely finds private, unsubsidized employment on her/his own. Private employers, often unaware that the PSE programs exist, do not approach the prime sponsor when they seek to hire new employees. When they list a job vacancy with TEC, they do not indicate preference for a current or former PSE participant. Hence the burden for transition seems to fall on the prime sponsor.

During the period of this study, when the national emphasis has been on rapid expansion of public service employment, prime sponsor inattention to private sector placement of PSE participants is understandable. Nevertheless, without some direct linkages or information dissemination programs to make private employers more aware of the existence of a pool of potential employees, a high transition rate seems unlikely. If prime sponsors or TEC believe it is not feasible to develop linkages with a large number of employers, they might at a minimum establish relationships with local employer associations and chambers of commerce. With the period of rapid build-up coming to an end, it is essential that both the DOL and the prime sponsors direct their attention and efforts to the critical task of placing PSE workers into unsubsidized jobs. The need for prime sponsor emphasis on transition was recognized by the DOL with the May 22, 1978 issuance of Employment and Training Administration Field Memorandum No. 307-78, which calls for a major transition effort by prime sponsors and state employment service offices.

Entry-Level Qualifications: Successful placement of PSE participants in unsubsidized private sector jobs requires that these workers have the qualifications and skills which employers look for in their entry-level employees. While some employers in the study sites require their new employees to have specific job skills, all employers interviewed require their entry-level employees to have good working habits. The characteristic viewed as the most important is dependability.

This is important information for prime sponsor staff to know. If a prime sponsor feels that transition is an important element in the PSE program, then the prime sponsor must make an effort to ensure

that individuals who are "undependable" coming into the program are "dependable" when they leave.

A brief review of three study sites provides more detailed information. In Texoma, Johnson & Johnson and Continental Conveyor both require technically skilled workers. At Burlington Industries, Texas Instruments, and Weber Aircraft (all in Texoma), good "job-holding" skills are important in the hiring process. The representative from Weber Aircraft specifically mentioned things like calling in when sick, personal hygiene, and good interpersonal skills.

In Austin, Kirksey Butane puts great emphasis on dependability, willingness to work, and personal references. Texas Instruments looks for a variety of characteristics: stability, a good work history and education, self-motivation, the ability to work under supervision, and an appreciation for the kind of work environment and benefits a major employer can offer. Texas Instruments also looks for manual dexterity and an understanding of assembly work (as do several employers in the North Texas State area). From his general knowledge of employers, the Director of the Austin TEC office cited three criteria as important in the decision to hire: work background, attitude, and appearance.

Hughes Tool Co. in Houston requires potential employees to pass a basic mathematics examination (6-8 grade equivalency rating) before they are considered for a job. An understanding of basic mathematics is considered crucial to most jobs at Hughes Tool. No specific skill requirements for shop workers is necessary, although a background in machine shop work is an advantage. Secretaries must type at least sixty words per minute in order to qualify for employment. Physical appearance (e.g., neatness) and communication skills are also important for clerical workers. The personal interview is important in the hiring process at Hughes because this allows the company to assess work attitudes. It is essential that all employees be dependable.

Labor Force Information: Economic conditions vary among the different areas of the state, as well as among individual industries within each area. Houston, for example, had an average unemployment rate in 1977 of less than 5 percent, while the corresponding rate in Hidalgo County was approximately 15 percent.

The state of the economy in each area affects the feasibility of finding unsubsidized private sector jobs for PSE participants. There is relatively little demand for entry-level employees in depressed areas. The unemployment rate in South East Texas in March 1978 was 6.9 percent. Moreover, the size of the work force in such major firms as Bethlehem Steel Corporation and Stone and Webster, Inc. (a construction firm) is declining, in the case of Bethlehem Steel, from 3,500 a few years ago to 1,200 now. Shrinking work forces inevitably reduce transition opportunities.

The general skill level that companies require varies by area, and by firms within each area. In North Texas State, where manufacturing is dominant, all of the interviewed employers had highly skilled work forces. In Hidalgo County, the bulk of the workers are unskilled. In large metropolitan areas (e.g., Houston) there is an abundance of both skilled and unskilled workers.

Political Environment. Of the eight sites, the only area in which the local political environment affects significantly the involvement of the private sector in PSE programs and transition is Hidalgo County. There the prime sponsor has been under investigation for the misuse of federal manpower funds, and the former prime sponsor director has been indicted and removed from his position. Other local officials also have been implicated.

Private sector employers in Hidalgo County have become familiar with CETA because of this recent negative publicity. PSE is tainted in the eyes of local employers. This has had an adverse impact on the transition of PSE participants. Griffin and Brand, Inc., a citrus and produce grower which employs up to 25,000 workers in peak months, expressed an interest in taking advantage of CETA programs and participants, but indicated that it could not comfortably do so until "the dust settles."

According to several private employers in the area (e.g., Newey Construction, Haggard Slacks, Edinburg Citrus, Griffin and Brand), appointments are made to the local MAPC with little consideration for program knowledge. Indeed, several of the MAPC members questioned why they had been selected. Employers feel that these appointments are clearly political, as all of the MAPC members and the prime sponsor's key personnel are appointed by the county judge and the commissioners court. Actions such as these further damage the already poor image of CETA in the area.

ROLE OF UNIONS

Findings

Private sector union perspectives were obtained primarily from representatives of AFL-CIO's County Labor Councils (CLCs) in Austin, Dallas County, Houston, and South East Texas.

Representatives of these CLCs respond in different ways to the current lack of linkages between PSE programs and the private sector. In one site the CLC is actively involved in MAPC and in the hiring of PSE participants. In another the CLC representative has had no direct contact with the CETA prime sponsor or the PSE program. Perceptions of the value of the PSE experience also vary widely.

A potential barrier to transition into certain skill occupations (e.g., welding) is the tests and screening procedures a union applicant must pass before being "certified" for membership in the union. Skill training in Title II and Title VI PSE programs is not extensive enough to provide most participants with the skills necessary for entrance and employment.

Basis For Findings

No reportable union responses were obtained in four of the eight study sites. In Middle Rio Grande, labor union activity is low and the union locals are located elsewhere in the state; in Texoma, attempts to contact labor representatives were unsuccessful; in North Texas State, the unions are reluctant to become involved with government programs, and study members were requested not to speak with their representatives; and in Hidalgo County, recent indictments against union representatives made it impossible to interview them. Responses in the other four sites were obtained primarily from the local AFL-CIO County Labor Council (CLC) representatives.

The CLC representative from South East Texas interviewed in the study has had no direct contact with the CETA prime sponsor or the PSE program operated by the prime sponsor. On the other hand, the Dallas County CLC representative has been a MAPC member and his union places PSE participants in its office. The Austin CLC interviewee, a member of the Communications Workers of America (CWA), presently serves as a MAPC member.

In Houston, the CLC representative interviewed has been a MAPC member, is responsible for recommending union representatives to the mayor for appointment to MAPC, and (through his union) also employs PSE participants. He identifies MAPC union nominees according to the following criteria: they must have a background in human resource development, a commitment to employment and training programs, and the ability to communicate the needs of the labor community to others on the council.

Besides this concern in choosing qualified MAPC members, he has been outspoken about the goals of Houston's PSE programs. When Title VI programs began operating in Houston, this representative was concerned that the secondary intent of the PSE program (namely, providing community services through created jobs) was not being met, and that transition to permanent employment be included in the development of Title VI jobs. He submitted a request to the Houston MAPC recommending that the council develop guidelines for the distribution of additional Title VI jobs. His recommendations included giving priority to those organizations where there is the greatest potential for permanent hiring at the end of Title VI support, and developing PSE jobs in three major community service areas: social services, health services, and education. The MAPC adopted his recommendations

and transmitted them to the CETA prime sponsor staff. While Title VI PSE jobs are allocated to these service areas, the recommendation for absorption or transition guideline has been shelved in order to meet the massive hiring schedules requested by the U.S. Department of Labor.

The Austin CLC representative has had no direct experience with the PSE program but he is familiar with its operation through his regular attendance at MAPC meetings. His perception of the PSE program is that it provides a useful service by giving the participant a structured work background which will smooth the transition to unsubsidized employment. He feels that a problem with the PSE program is its lack of ties with the private sector. But this factor may not be a major problem in Austin, given the city's large public sector.

A different perception exists in Dallas County. There the CLC representative, jointly with the AFSCME and MAPC representatives from the area, expressed the belief that PSE workers learn little on the job and are seldom placed in "real jobs." They feel that PSE workers often take jobs away from others and remain in these subsidized, higher-than-union wage positions indefinitely. Another concern of these representatives is that they believe substitution occurs frequently; as an example, they cited the case of the City of Dallas cutting its budget by the amount of expected CETA funds. These union representatives suggest that unions be used to perform OJT training or to supervise training for the PSE program. The result of these efforts would be an improvement in employability and the attainment of marketable skills for PSE workers.

In South East Texas, the manager of a major union in the area, the local Pipefitters Union, was interviewed as the CLC representative. It appears that, unless additional training is provided, employment for PSE workers who want to work as welders with the Pipefitters Union is unlikely. Welding is a major skilled occupation in this area. Most of the union members have learned their trade at welding schools. To become a member of the Pipefitters Union, a person must take a mechanical aptitude test, which is administered by TEC. Persons passing this test are referred to a joint committee of contractors and union members. The applicants are screened by the committee, which then makes the final decision on who is admitted into the union. In 1978, it was expected that approximately 120 people would be admitted.

Thus, admission into the Pipefitters Union is clearly a highly selective process. It seems unlikely that many PSE workers under Title II or Title IV would qualify for admission. However, field work for this project identified a Title I welder training program that has been successful in providing participants with the necessary skills for entrance to pipe trades apprenticeships and union membership.

CHAPTER VI

SUMMARY OF FINDINGS AND RECOMMENDATIONS

The objectives of this study have been to determine the effectiveness of the PSE program in facilitating the placement of PSE clients in unsubsidized private and public sector jobs, to identify barriers to placement where they exist, and to discuss means by which such barriers might be overcome. The study was conducted in a period of emphasis on PSE buildup rather than on termination of PSE participants and efforts to place them in unsubsidized jobs. It does not, therefore, reflect sponsor concentration on the transition need, but does find little conscious planning and development of capability and methods for focusing on the transition need.

The presumption was that there would be an inverse correlation between the level of unemployment in each area and placement effectiveness, particularly since areas with higher unemployment rates had relatively larger PSE programs. It was anticipated, for example, that finding unsubsidized jobs for PSE clients would be difficult in the high unemployment Middle Rio Grande and Hidalgo-Willacy areas, but that this would not be the case in low unemployment study areas such as the Austin Area, Dallas County, and North Texas State.

SUMMARY OF FINDINGS

This presumption, however, did not prove to be a valid one, at least at the time of this study. The level of unemployment appeared to have little bearing, in the eight areas studied, on placement of PSE clients into unsubsidized jobs. We found little evidence of successful unsubsidized job placement in the private sector in any of the eight areas. While there were some unsubsidized job placements through absorption of PSE clients by user agencies in all of the eight regions studied, placements as a proportion of participants did not differ significantly among the low and high unemployment areas.

From our interviews with CETA administrators, MAPC members and representatives of the employer and organized labor communities, it is apparent that several factors were responsible for the fact that relatively few PSE clients moved into unsubsidized jobs. These include the following:

Inadequate DOL Emphasis on Placement of PSE Clients in Unsubsidized Jobs. While DOL regulations do include placement as one of the objectives of the PSE program, this objective was deemphasized during the period covered by this study when the primary attention of DOL, and, therefore, of the prime sponsors, was directed toward a rapid build-up of the number of unemployed placed in PSE jobs. This

emphasis was in keeping with the Administration and Congressional objective of generating quick economic stimulus. In their (successful) efforts to meet DOL-imposed hiring goals prime sponsors found it necessary to direct staff resources from other program areas, including unsubsidized job placement, to PSE hiring activities.

However, even without the pressure of rapid hiring schedules, "transition to unsubsidized jobs" was perceived by CETA administrators to mean absorption of PSE workers by public and non-profit PSE sponsoring agencies. In none of the eight areas studied were there purposeful efforts at terminating PSE workers and placing them into unsubsidized private (for profit) sector jobs. The unsubsidized job placement planning activities of CETA administrators has been primarily directed toward public sector and non-profit PSE sponsoring agencies who are able to structure PSE jobs to fit their job descriptions and anticipated labor needs. This naturally leads to absorption of PSE employees who perform satisfactorily, when job vacancies occur. Because private sector employers are not involved as PSE sponsoring agencies, the process that leads to absorption in the case of public sector and non-profit agencies cannot occur in the private sector. To provide for unsubsidized job placement in the private sector, therefore, requires an entirely different approach to placement planning than that leading to placement in the public and non-profit sectors. There is no evidence that the development of such an approach was underway in the areas and during the period covered in our study. Nor was there any indication at the time this study was conducted that the DOL was providing the leadership needed to induce prime sponsors to give a high priority to this objective in their planning activities.

Lack of a Strategy for Marketing PSE Employees in the Private Sector. Private employers know little about CETA and what perceptions they have are often negative. They have had little or no contact with CETA administrators or political leaders in the context of developing private sector job opportunities for PSE employees. The prime sponsors have not staffed a job development and placement function nor have the business members of the MAPCs performed this function.

Members of the business community tend to regard the PSE program as a modern day "leaf raking" boondoggle with little relevance to private sector job readiness development. While they generally will agree that PSE employment enhances worker employability by improving their work habits, they do not believe that skills developed in PSE agency and project employment are of value to the private sector.

Inadequate Programs to Prepare and Involve PSE Employees for Private Sector Employment. A high proportion of PSE clients entering the program have a poor educational background and lack marketable job skills. Their PSE jobs, either with a sponsoring agency or on a project, are often not designed to raise their skill levels. There is little use of labor market information in the development of PSE

slots; in the selection of PSE projects, satisfying community needs takes precedence over worker employability development; and PSE programs generally lack a training component. Here, again, the high priority which the 1977-78 "economic stimulus" expansion of PSE gave to rapidly placing unemployed workers into PSE slots during the period of this study adversely affected the capacity of prime sponsors to direct attention to those program elements. It should also be noted, however, that the law does not require that skill training be an integral part of the PSE program nor did the DOL in its regulations mandate development of training programs for PSE employees in need of skill development. Moreover, it was the perception of some CETA administrators that DOL limitations on administrative costs precluded the establishment of PSE client training programs.

There has also been little incentive or encouragement for PSE employees to actively search for a job in the private sector. The absence of a fixed term for participation in PSE means that an individual simply moves from one PSE project to another. Also, in some areas PSE wage rates are competitive with those offered unskilled workers in the private sector. Lacking a private sector job development and placement function, prime sponsors were usually not in a position to help or encourage PSE employees to search for a private sector job while employed as a PSE workers.

RECOMMENDATIONS

As indicated in the summary of findings, during the period covered in our study the PSE program's primary objective was a rapid increase in the number of unemployed persons placed in PSE jobs. While DOL regulations requiring prime sponsors to plan for the placement of PSE participants into unsubsidized jobs remained in effect, this objective was deemphasized by DOL and literally abandoned by prime sponsors who found it necessary, in order to meet their increased hiring schedules, to divert administrative staff from existing functions.

DOL Should Reaffirm That Transition to Unsubsidized Jobs is a Primary Objective of the PSE Program. The prime objective of the CETA program is to prepare participants for unsubsidized employment, the bulk of which is in the private sector. The viability of the PSE program, therefore, depends on its accomplishment of this objective. This was recognized in Field Memorandum No.307-78, issued by the DOL's Employment and Training Administration on May 22, 1978, which provides policy guidelines to CETA prime sponsors "on actions to be taken regarding transition of PSE participants into unsubsidized employment."

Basic Education and Skill Training Should be Given Greater Emphasis in the PSE Program. Despite the fact that a high proportion

of PSE participants have basic educational deficiencies or lack marketable skills, DOL regulations do not require that training be a part of the prime sponsor's PSE program. Nor did the PSE programs of any of the six prime sponsors and the two Balance-of-State areas included in our study have a training component in Spring 1978.

Inability to cope with basic education tests required of job applicants by many employers, and lack of a marketable skill, are major barriers to obtaining a job in the unsubsidized labor market. PSE community projects very often require the learning of few if any marketable skills. Their only contribution to employability development is through the acquiring of work habits by participants with no previous work experience. PSE jobs with agency sponsors more often provide an opportunity for skill development, and sometimes result in the absorption of the PSE participant into a regular job budgeted by the agency. However, those most in need of basic educational and skill training are usually not among the ones selected to fill agency PSE slots.

Local CETA administrators are cognizant of the need for a PSE training program but do not have adequate funds or staff to develop one. Their Title I funds are otherwise allocated, and even if available, they do not believe they have sufficient flexibility to shift funds among the titles. The statutory requirement that 85% of PSE funds be spent on participant wages and fringe benefits is also seen as an obstacle to establishing in Title VI training program. They also point out that development of a PSE training component is not called for in DOL regulations.

It must be recognized, of course, that in high unemployment areas the primary need is to provide jobs for the unemployed. Education and skill development programs are costly and, with a given budget, they are provided at the expense of putting fewer of the unemployed into PSE jobs.

Nevertheless, for many PSE enrollees who have had little or no employment experience, lack necessary job entry skills and/or have serious basic educational deficiencies, an education and training program is critical to their future employability. A part of the PSE program should be directed to their employability development even if it means a reduction in the number of PSE jobs available.

DOL regulations should encourage prime sponsors to develop basic education and training programs tailored to the needs of this group of PSE participants. The objective should be to provide basic education and job skills designed to enhance their opportunity for unsubsidized employment. Training program developers should utilize labor market information identifying potential unsubsidized job opportunities in designing their training programs.

CETA administrators contend that limitations in the law and regulations on administrative costs restrict their capacity to develop and implement PSE training programs. They also feel they do not have the flexibility to shift funds among titles even when doing so would permit them to better satisfy local client needs.

Both of these issues should be clarified in DOL regulations. Development of PSE training programs is too important an element of employability enhancement for those participants lacking basic education and job entry skills to be limited by either lack of flexibility in utilization of funds or restrictions on the level of administrative costs.

DOL Should Encourage Prime Sponsors to Provide for an Active Job Development and Placement Function for PSE Participants. In none of the eight areas studied did CETA administrators regard placement of PSE participants into unsubsidized jobs in the private sector a PSE program objective. Their job development and placement efforts were confined to planning for absorption of PSE participants working for agencies into budgeted jobs of those agencies. Even this effort was deemphasized during the 1977-78 rapid build-up of PSE hiring schedules.

In encouraging prime sponsors to become actively engaged in the job development and placement of PSE workers, DOL should emphasize the necessity for improving the rate of absorption by PSE agency sponsors and for establishing linkages with the private sector employer community. It is also necessary to prepare PSE participants, many of whom have not had previous labor market experience, to effectively enter the private sector job market.

To raise the rate of absorption requires that PSE administrators identify and select for the PSE program agencies and non-profit organizations which offer the best potential for absorbing PSE participants into unsubsidized jobs. Favorable consideration should be given to those agencies which agree in advance to fill job openings in the agency that arise through attrition with qualified PSE participants, even though in high unemployment areas with stable or declining government and non-profit agency employment, the number of such agreements feasible may cover only a small proportion of the PSE positions. In the process of selecting agency sponsors and refunding PSE projects, priority should also be given to those that have been and are willing to structure their program in a manner which will give the PSE participant adequate supervision and the opportunity for skill development as well as absorption potential.

As noted in the summary of findings section of this chapter, marketing PSE participants into private sector jobs requires a concerted series of actions. Private sector employers know little of CETA and almost nothing of the PSE program; they do not consider

skills developed by PSE participants during PSE employment as transferable to the private sector; they have had little or no contact with those charged with administering the PSE program; even the business community MAPC members know little of the PSE program and have not served as a means of communication about it with the employer community.

In developing a marketing strategy, therefore, the first step is to ensure that the employability of PSE participants is developed through the PSE program. This requires that in the selection of PSE projects priority be given to those that have the greatest potential for development of entry level skills which are likely to be competitive in the local labor market. It also requires the previously recommended establishment by the prime sponsor of a training program designed to enhance the employability of those PSE participants most in need of basic education and entry level skill training.

In developing the criteria for project selection and training program design, CETA administrators should solicit input from a broad cross section of the private sector employer and union communities. This will not only improve the quality of those programs; it will also give those external groups greater confidence in the value of work experience gained by participants in the PSE program.

CETA administrators should also establish a basis for continuous exchange of information with the private sector employer and union communities. The private industry councils proposed by DOL in the new CETA legislation can be the vehicle for establishing the necessary linkage between CETA administrators and the private sector.

An effort should also be made to develop new approaches to PSE-private sector cooperation. These could include the placement of PSE employees in private sector apprenticeship programs and the transition of PSE participants into private sector on-the-job training programs.

Equally important is the need to prepare PSE participants for their entrance into the private sector job market. As DOL has proposed in its new CETA legislation, a definite limit should be placed on the time a participant can be employed in the PSE program. The participant should be made aware of this limit at the outset with the understanding that is his/her responsibility, with the help of the job development and placement unit, to make provisions for unsubsidized employment.

PSE participants should also be involved individually in a series of counseling sessions designed to inform them of potential job opportunities and help them prepare for job interviews. Private sector personnel department staff and union leaders should be encouraged to participate in these sessions. As the PSE participants near the end of their PSE experience, they should be visited by job devel-

opment and placement staff members who should directly, or through the state employment service, help them arrange for job interviews.

The performance of these several tasks under the PSE program is essential if the transition to unsubsidized jobs objective of the PSE program is to be realized. To provide these services may require a larger allocation of funds for administration of the PSE program than is prescribed under prevailing laws and regulations. If so, the laws and regulations should be changed to accommodate the need.

APPENDIX A

MAJOR FEDERAL ACTIONS IN PUBLIC SERVICE EMPLOYMENT:
A CHRONOLOGICAL SUMMARY

APPENDIX A

A chronological summary of major federal actions in the development of public service employment as a remedy for unemployment is provided below.

<u>YEAR</u>	<u>FEDERAL ACTION</u>
1921	<u>Hoover Commission</u> (1920-1921) recommended that the federal government develop a "reserve shelf of public works projects" to combat a massive unemployment problem.
1933	<u>Civilian Conservation Corps</u> (Executive Order 6101) provided employment for young men across the nation, through the creation of conservation programs.
1935	<u>Works Projects Administration</u> (Executive Order 7034) created during the Great Depression to provide employment and boost the economy, established public service employment programs, as well as public works projects.
1946	<u>Employment Act of 1946</u> (P.L. 79-304) stated the federal government's obligation to use all practical means to provide full employment.
1958	<u>Youth Conservation Corps</u> (S. 3582, H.R. 11773) designed to provide meaningful work for the nation's youth but failed in a major vote to pass Congress.
1961	<u>Community Work and Training Program</u> (P.L. 87-543) an amendment to the Social Security Act, provided work experience to increase the employability of welfare recipients. <u>Public Works Coordination and Acceleration Act</u> (P.L. 87-658) provided federal funds for expanded public works projects in areas of substantial unemployment. <u>Manpower Development and Training Act</u> (P.L. 87-415) authorized education and skills training for unskilled, unemployed workers and retraining for skilled workers displaced by automation.
1964	<u>Economic Opportunity Act</u> (P.L. 88-452) provided work experience and training programs for disadvantaged workers, some of which were On-the-Job Training, Neighborhood Youth Corps, and Work Experience and Training Programs.

- 1965 Job Corps (P.L. 89-253) established by the Economic Opportunity Act Amendments of 1965, offered youths basic education, vocational training and, in some areas, work experience.
- Operation Mainstream (P.L. 89-253) created programs, primarily in small communities, to provide work experience for the unemployed workers over 55 years of age.
- 1966 National Commission on Technology, Automation and Economic Progress recommended a federal program to provide full employment with public service employment when necessary.
- Special Impact Program (P.L. 89-794) developed new opportunities in training, employment, and community development through work experience and work projects.
- New Careers: Paraprofessionals for Public and Non-profit Agencies (P.L. 89-794) an amendment to the Economic Opportunity Act, created a program to prepare disadvantaged adults for paraprofessional jobs in critically understaffed public and nonprofit agencies.
- 1967 Concentrated Employment Program (P.L. 90-222) authorized by the Economic Opportunity Act, designed a comprehensive manpower system to deliver services, one of which was employment, to the disadvantaged.
- Work Incentive Program (P.L. 90-248) authorized under the Social Security Act, provided new training, through work experience and job placement programs, for welfare recipients.
- 1968 Public Service Careers (P.L. 90-636) an amendment to the Manpower Development and Training Act, provided jobs in government service for disadvantaged workers.
- National Advisory Commission on Civil Disorders (Kerner Commission) recommended that the federal government create manpower programs and incentives, including public service employment, to end civil disorders.
- 1969 Manpower Training Act (S. 2838, H.R. 13472) submitted to Congress by President Nixon, would have created a comprehensive and decentralized manpower training system if Congress and the President had agreed on the means.
- 1971 Employment and Manpower Act (H.R. 11570) would have provided manpower training and authorized federal funds

for public service employment had it not been vetoed by President Nixon.

Emergency Employment Act (P.L. 92-54) created public service employment to combat increasing unemployment and to provide needed public services.

1973 Comprehensive Employment and Training Act (CETA) (P.L. 93-203) provided a new system of decentralized manpower services to the disadvantaged, unemployed, and underemployed. These services, designed and implemented by state and local officials, include manpower training and public service employment.

1974 Emergency Jobs and Unemployment Assistance Act (P.L. 93-567) added a new Title VI to the Comprehensive Employment and Training Act which authorized an emergency public service employment program with special emphasis on the long-term unemployed.

1975 Older American Community Services Employment Act (P.L. 94-135) created a new Title IX of the Older American Act of 1965 which authorized a public service employment program for unemployed persons over the age of 55.

Equal Opportunity and Full Employment Act (Humphrey-Hawkins Bill) (S. 50, H.R. 50) had it passed, would have mandated that the federal government guarantee employment opportunities for all adults who were willing to work.

1976 Emergency Jobs Programs Extension Act (P.L. 94-444) extended Title VI of CETA through fiscal year 1977 with increased emphasis on public service jobs.

1977 Public Works Jobs (P.L. 95-28) the first element of President Carter's Economic Stimulus Package to pass Congress, authorized federal funds for the creation of new jobs through public works.

Youth Employment and Demonstration Projects Act (P.L. 95-93) created a new Title VIII for CETA which authorized demonstration projects and job creation efforts for persons 14 to 21 years of age.

Better Jobs and Income Act (H.R. 9030) President Carter's proposed welfare reform plan, would replace the existing welfare program with job opportunities for those able to work, if accepted by Congress. At present H.R. 9030 is being considered by committees in the U. S.

House of Representatives. [As of December 1980, no action had been taken by either house.]

1978

Full Employment and Balanced Growth Act (S. 50, H.R. 50) a revision of the 1975 Humphrey-Hawkins Bill with tighter definitions for full employment, wages for government sponsored jobs, and anti-inflation policies, passed the U.S. House of Representatives (3/16/78) and is currently being considered in the U.S. Senate. [Finally approved in revised form October 27, 1978.]

Comprehensive Employment and Training Act Amendments of 1978 (H.R. 11086, S 2570) if approved by Congress, would provide funding for CETA through fiscal year 1982. It would create a new Title VII to provide a structural private sector initiative program, as well as an expansion of Titles II, III, and VI. Congressional action is anticipated in the early fall of 1978. [Signed into law October 27, 1978.]

APPENDIX B

ANNOTATED BIBLIOGRAPHY

APPENDIX B

ANNOTATED BIBLIOGRAPHY

1. Cook, Bill "Employment Stability in Public Employment Programs," Adherent. Seattle, Washington: Seattle Opportunities Industrialization Center, 1975, pp. 56-64.

In this article, the author addresses the problem of retaining public service employees in jobs created for them. Cook argues that the level at which a public service employee is hired (i.e., unskilled, semi-skilled, or sub-professional) is an important determinant of whether or not the job holder will remain on the job, especially in the case of disadvantaged persons. Unless disadvantaged persons placed in the less attractive Public Service Employment (PSE) jobs envision opportunities for advancement or at least permanent employment, they are likely to become discouraged and leave the jobs even before transition to unsubsidized employment is attempted. The author's recommendation is placement of the unemployed, insofar as practicable, in sub-professional jobs which offer clear opportunities for advancement. For those who must be placed in primary jobs and have difficulty adapting to them, the author suggests personal counseling to help these persons adjust to "meaningful but responsible occupations."

2. Crawford, Everett. Transitional Employment: A Manpower Tool for State and Local Governments. Washington, D.C.: Center for Governmental Studies, 1973.

Crawford endorses the need for training but identifies four other approaches to encourage transition into unsubsidized public employment.

The first approach is to pay attention to anticipated attrition and turnover in public employment. A number of Public Service Employment (PSE) positions can be created that are related to areas in which new openings are anticipated. As a result, it should be possible to place a number of PSE participants in unsubsidized positions in the public sector.

A second transition technique identified by Crawford involves cooperative arrangements with the civil service. PSE positions, or other subsidized positions, could be made exempt from civil service procedures so that hiring could occur without an entrance examination.

A third technique calls for the creation of new positions with PSE funds, with the intention of making them into regular jobs if they proved of value.

The final approach discussed is the idea of using emergency employment as a manpower pool. If a pool of subsidized employees were developed, it could be drawn upon as unsubsidized jobs became available.

3. Fechter, Alan. "Job Creation through Public Service Employment," Job Creation: What Works?, edited by Robert Taggart. Salt Lake City, Utah: Olympus Publishing Co., 1977, pp. 135-142.

Fechter discusses the countercyclical Public Service Employment (PSE) programs such as Public Employment Programs (PEP) and Titles II and VI of the Comprehensive Employment and Training Act (CETA). Fechter points out that PEP was intended as a transitional program, with the aim of placing at least half of its enrollees into regular jobs. However, no incentive was offered for doing so. He notes that studies of PEP performance indicated these targets were unreasonable and that a 25 percent goal would have been more realistic.

Fechter notes that the effects of PEP and CETA-PSE appear to be quite similar. The CETA-PSE program has been administered largely as a countercyclical program with the primary objective of providing jobs in the short-run; few resources have been allocated to skill creation. Fechter concludes that the weight of evidence suggests that much of the increase in earnings for PSE enrollees results from the availability of the PSE job. In addition, PSE jobs do not often serve as stepping-stones to unsubsidized employment.

4. Ginsberg, Eli. "The Job Problem," Scientific American (November 1977), Vol. 23, No. 5, pp. 43-51.

In this article, Ginsberg discusses the Carter Administration's reliance on Public Service Employment (PSE), together with the related program of public works, as one of two principal vehicles for stimulating the economy by increasing direct job creation. (The other vehicle is fiscal and tax policy.) The second goal of federal job creation is to provide employment opportunities for hard-to-place people in the expectation that after at least a year in a PSE job they will be in a better position to move into the regular economy in the private or public sector.

Ginsberg notes that it is a matter of concern to Congress whether those placed in PSE jobs will, at the end of a year, be able to make the transition into unsubsidized employment or whether they will become a continuing responsibility of the federal government.

5. Hallman, Howard W. Emergency Employment: A Study in Federalism. Tuscaloosa, Alabama: University of Alabama Press, 1977, pp. 150-158.

Hallman devotes the cited chapter to a discussion of transitional employment. He points out that the Emergency Employment Act of 1971

(EEA) made frequent references to the transitional nature of the jobs provided by the program. Program agents under the EEA were required to pledge to achieve a goal of 50 percent placement of enrollees in unsubsidized jobs. Even though there was a lack of incentives to achieve transition, Hallman states that program participants regularly moved through the program into other jobs.

Hallman cites a survey of participants conducted by Westat, Inc. in June 1974 to support his statement. The survey found that those who had terminated had spent an average of 13.2 months in Public Employment Programs (PEP). The employment status of terminees shows that one month after leaving PEP, 76 percent of the terminees were employed. After six months the number had risen to 81 percent. Twelve months following termination, 82 percent of the PEP enrollees were employed.

The Westat sample also reveals that initially more terminees are employed in the public sector. Of those terminees employed, about 65 percent worked for public employers six months after leaving PEP. This percentage dropped to about 47 percent at 24 months.

On the basis of this sample data, Westat concluded that for the average participant, having a job in PEP was of assistance in obtaining unsubsidized employment.

In conclusion, Hallman points out that the preference for unsubsidized public employment rather than private jobs was partly due to the emphasis on this kind of transition in the federal guidelines and partly because of the ease in transferring to regular positions with the agencies already employing them.

6. Held, Martin, and Richard P. Schick, Sr. Transitional Employment: A Manpower Tool for State and Local Governments. Washington, D.C.: National Civil Service League, 1973.

This report, funded by a grant from the U.S. Department of Labor, identifies means to facilitate the transition of employees from temporary, subsidized jobs to permanent, unsubsidized jobs in the public and private sectors. Six program agents under PEP provided the settings in which the study was made.

The report suggests a number of approaches for obtaining unsubsidized employment for transitional employees, among which are: (1) Motivating transitional employees to seek out unsubsidized jobs; (2) assisting job-ready transitional employees to identify available jobs; (3) gearing job-ready transitional employees to the absorptive capacities of the job market; (4) using the Employment Service to augment job development efforts through its linkages with private employers; (5) identifying "counterpart" jobs among local employers, both public and private; (6) developing linkages with other public

manpower agencies and private employment agencies; and (7) providing job recommendations that meet prospective employer needs for accurate performance and job-related information.

7. Levitan, Sar A., and Robert Taggart. "Transition of Participants," in Emergency Employment Act: The PEP Generation. Salt Lake City, Utah: Olympus Publishing Co., 1974, pp. 32-40.

Levitan and Taggart point out that Public Employment Program (PEP) 1971 goals for the transition of program participants to unsubsidized public and private sector jobs were not met. They attribute this failure to a number of factors, including: (1) failure of state and local governments to employ sufficient numbers of PEP enrollees on a permanent basis, despite considerable state and local government growth between 1971 and 1972; (2) limited expenditures on training and education for those who needed academic or skills training or whose native tongue was not English; and (3) a lack of serious effort to open up the civil service system in order to provide permanent jobs.

Underlying reasons cited for the poor performance of government agencies in permanently placing Public Employment Program (PEP) enrollees include: (1) the lack of "sticks or carrots" to induce permanent placement by program agents; (2) the rush to get people placed in subsidized employment, which resulted in greater than usual placement of overqualified and underqualified applicants (resulting in terminations due to both job dissatisfactions and incompetence); and (3) failure of PEP public service jobs to be integrated into permanent agency structures, because they were chosen so that they could be easily phased out. Interestingly enough, Levitan and Taggart concentrate on transition to public sector employment and place little emphasis on private sector placement.

8. National League of Cities and the U.S. Conference of Mayors. Public Employment Program and the Cities. Washington, D.C.: U.S. Department of Labor, 1973, pp. 11-14, 75-117.

This report is a three-volume study of the implementation and operation of the Public Employment Program (PEP) in the 212 cities that served as program agents. The report focuses on three subject areas: (1) hiring of significant population segments; (2) public service impact of PEP; and (3) transition to unsubsidized employment.

The report concludes, based upon a survey of over one-third of the city program agents, that transition was inversely related to city size. Additionally, program agents that provided training services to PEP participants experienced higher transition rates.

The report finds that transition to the private sector was extremely limited and was not a successful mechanism for obtaining unsubsidized employment.

The study lists a number of transition techniques employed by program agents, which included: (1) notification of participants of permanent openings in the public and private sectors; (2) periodic review of the status of each participant; (3) provision of training opportunities; (4) inclusion of jobs which were likely to expand or continue to be in demand; (5) using PEP job performance to assist in transition; and (6) establishing a PEP participant hiring priority.

9. Ulman, Lloyd. "Manpower Policies and Demand Management," in Jobs for America, edited by Eli Ginsberg. Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1976, pp. 107-111.

In this article, Ulman identifies three operating deficiencies in Public Service Employment (PSE) programs. The first relates to the problem of timing. Ulman notes that while PSE has a rapid start-up time during a recession, it can be hard to turn off after recovery has begun. Ulman suggests that the political temptation to keep PSE going would be related to the fact that many of the enrollees have not found new and better permanent jobs awaiting them.

The second deficiency identified by Ulman relates to the problem of displacement or substitution. Ulman states that PSE workers are potentially displaced when PSE funds are used to employ laid-off regular employees, which defeats the structural employment objectives of PSE.

The final deficiency noted is the "absorbability" by the public sector of the additional employment contemplated in PSE programs. There still exist unmet wants which could usefully be met by more public employment, which is contemplated as the end result of PSE "transitional" activities. Ulman suggests that, opportunities being available, an expansion of good jobs in the high productivity private sector would be more effective than an expansion of good jobs in the low productivity public sector.

10. U.S. Congress, Joint Economic Committee, Subcommittee on Economic Growth. Giving a Job: The Implementation and Allocation of Public Service Employment. Washington, D.C.: U.S. Government Printing Office, August 1975.

This study was prepared as part of an overall review of problems in achieving "maximum employment, production and purchasing power." The paper describes some of the shortcomings of the current public employment program under CETA and suggests ways in which the program might be improved. The principal point made in the report is that CETA, in attempting to combine both structural and anticyclical objectives, has in effect sacrificed the structural for the anti-cyclical. His major recommendation is that the program be split into two distinct components, each with its own objectives and guidelines. The anti-cyclical component should combine relatively low wages,

short-term projects, and a heavy emphasis on transition to the private sector. The structural component should feature regular government positions and pay and transition to the public sector. Source: Lipsmann, Claire K., CETA: Abstracts of Selected Studies. Washington, D.C.: National Academy of Sciences, 1976, p. 43.

11. U.S. Department of Labor. The Implementation of CETA in Ohio. Washington, D.C.: U.S. Government Printing Office, 1977, pp. 26-28.

This case study examines the implementation and operation of the Comprehensive Employment and Training Act (CETA) by the 17 prime sponsorships in Ohio. The study was conducted from the inception of the program in 1974 through mid-1976.

The study reports that Public Service Employment (PSE) participant transition to unsubsidized employment is a goal voiced almost universally in Ohio prime sponsorships by staff members and political officials. But the transition goal appears to be less vital to members of the Manpower Advisory Planning Councils, many of whom labeled it a "not very important" goal.

Performance in achieving the goal of transition varied substantially among the prime sponsors. As a measure for transition, the project examined indirect placements as a percentage of the total number of individuals entering employment after having been served by Title II or Title VI or CETA. The transition rates varied from 0 to 80 percent for Title II (with an average of 18 percent) and from 0 to 89 percent for Title VI (with an average of 34 percent).

A significant finding of the study was that there existed little relationship between unemployment rates and transition rates. Some prime sponsorships with high unemployment rates were doing quite well in transition. Others with relatively low rates of unemployment were doing poorly. The study suggests two possible conclusions: 1) prime sponsors who want a high rate of transition can probably achieve it by concentrated and consistent effort; and 2) it is easy for any prime sponsor to give verbal support to transition but to be relatively unsuccessful in achieving it.

APPENDIX C

MATERIALS FROM
NATIONAL CETA PRIME SPONSOR FORUM ON PSE
HELD APRIL 17-19, 1978 IN AUSTIN, TEXAS

ISSUE PAPER
PRIME SPONSOR RECOMMENDATIONS
LIST OF PARTICIPANTS

ISSUE PAPER
PREPARED FOR THE
NATIONAL PRIME SPONSOR FORUM
ON
PUBLIC SERVICE EMPLOYMENT:
THE REALITIES OF TRANSITION TO UNSUBSIDIZED JOBS

JOE C. THOMPSON CONFERENCE CENTER
LBJ SCHOOL OF PUBLIC AFFAIRS
UNIVERSITY OF TEXAS AT AUSTIN
APRIL 17-19, 1978

We are pleased that you have accepted our invitation to the Prime Sponsor forum on PSE: The Realities of Transition to Unsubsidized Jobs. Approximately twenty-five Prime Sponsors from across the nation have been selected on the basis of interest, performance and past experience in the area of placement of Public Service Employment participants in unsubsidized employment.

The goal of this Prime Sponsor Forum is to provide for an exchange of information on the realities of transition. In order to facilitate open expression, Prime Sponsor participants will divide into small workshop groups to discuss each of five major topics. There will be no prepared speeches. Each small group will be led by one of the Prime Sponsor Representatives. The findings of each of the small group sessions will be reported back to a gathering of all the participants by rapporteurs. The findings and recommendations of the participants will be summarized and reported to the Department of Labor. In this respect the Forum will serve as a platform for constructive comment on national policy concerning the issue of transition from subsidized employment to unsubsidized jobs.

The purpose of this paper is to establish some common ground for discussion so that our time together may be put to the best possible use. The five major topics were generated through field work with eight Texas Prime Sponsors and through conversation with several Department of Labor officials. Specific questions that may serve as focal points for the workshop sessions conclude each of the five sessions. Some of these questions address the administration's proposed revisions of CETA.

If you have found a particular approach to be especially effective in achieving placement, it may be helpful for you to bring along a discussion or some descriptive data concerning its success. Documentation of successful efforts will add immeasurably to the concrete conclusions we hope will result from the Prime Sponsor Forum on Public Service Employment.

This paper is not intended to restrict the range of discussion during the Forum. Its primary purpose is to stimulate thinking about the issues we will be addressing and, hopefully, to provide a general framework for discussion. We are interested not only in identifying problems, but also in exploring alternative solutions. Please take a few minutes to review the issues raised here.

THE ISSUES IN BRIEF

1. CONFLICTS AMONG PSE OBJECTIVES

One objective of PSE has been to provide direct job creation in a speedy manner according to federally proscribed hiring schedules. How does this and other stated objectives conflict with the goal of even-

tual unsubsidized employment, which has not been explicitly mandated by the Department of Labor?

2. USING PSE FOR EMPLOYABILITY DEVELOPMENT

The PSE experience may enhance future employment possibilities by developing work habits, building a work record, training in marketable skills and establishing personal contacts. What mix of orientation, pre-vocational training, work experience and classroom training have proven to be the most effective in enhancing employability? What unique aspects of your program have shown promise in this area?

3. ABSORPTION BY THE PUBLIC SECTOR

Several Prime Sponsors have indicated that a large number of their PSE participants are being absorbed by public sector employers. Has there been too much reliance on this source of placement? How might the interests of public employee unions and the civil service be reconciled with PSE?

4. PRIVATE SECTOR LINKAGES WITH PSE

The administration's new revision of CETA includes a \$400 million private sector initiative intended to improve linkages between CETA and the private sector. What can be done currently through Manpower Advisory Planning Councils, local elected officials, labor unions and informal contacts with the business sector to place PSE participants in private sector jobs? How will the new initiative affect your program?

5. PLACEMENT PROGRAMS

Some of the factors that hinder placement of PSE participants are participant characteristics, security within the PSE environment, an unfavorable public image of government employment programs, administrative uncertainty over who should be responsible for placement, and national policy and procedural disincentives to placement.

1. CONFLICTS AMONG PSE OBJECTIVES

Prime Sponsors receive federally-mandated objectives in the form of legislation, agency regulations and periodic directives. Over 300 separate directives were issued by the Department of Labor in 1977 alone. With all this paper being circulated it is not inconceivable that some contradictory objectives may have been issued. A list of the objectives of PSE includes: reducing unemployment by increasing the aggregate number of job holders, providing an income transfer to disadvantaged groups, directing jobs to target groups (veterans, handicapped, elderly, black), filling unmet community needs, providing

direct job creation in a speedy manner according to federally prescribed hiring schedules, enhance the linkage between CETA and the Employment Service and enhancing employability of participants.

There are no federal mandates for Prime Sponsors to emphasize placement. Enhancing the linkage between CETA and the Employment Service, enhancing the employability of participants and reducing unemployment seem to indicate a recognition of placement as a desirable long term goal of the PSE experience. However, directing jobs to target groups may not include employability enhancement and eventual placement. Attempting to meet unmet community needs may preclude directing jobs to target groups and/or reduce the focus on eventual placement activities.

Even if a Prime Sponsor has taken on placement as a local priority, the federal objective of providing job creation in a speedy manner according to federally prescribed hiring schedules may hinder the attainment of this goal. Complaints surrounding the hiring schedule issue have included:

1. Rapidly developed PSE positions may lack adequate supervision and other quality aspects that are necessary for employability enhancement.
2. Pressure to hire quickly causes the Prime to lay aside plans meant to serve local employer needs and place PSE workers and concentrate solely on meeting the hiring schedule.
3. Pressure to meet hiring deadlines directs staff attention from other objectives.
4. Some areas can not find enough eligible participants to meet the requirements.
5. Some Prime Sponsors have retained participants beyond regular eligibility expiration dates in order to keep their enrollments up.

Some Texas Prime Sponsors have indicated that placement is not a top priority but is one of three or four goals most sought after. Even if local Prime Sponsors want to emphasize placement, national objectives may hinder them. What are the underlying goals of the PSE program? How can the Department of Labor encourage Prime Sponsors to work for transition?

1. What are the objectives of PSE? Is placement an objective? If so, is it a local priority option or an understood federal intention?
2. How can PSE focus on eventual transition and still serve the targeted disadvantaged groups? What reconciliation of these two objectives has occurred in your area?
3. The objectives of providing income transfers and serving disadvantaged groups indicate that PSE may serve a welfare function as well as an employment and training function.

- Might there be a need for a PSE program without time limits on participation to serve this purpose?
4. On the other hand should PSE be totally countercyclical?
 5. What are top local priorities in your area? What incentives would lead you to emphasize transition as a major concern?
 6. Is there a trade-off between speedy implementation of PSE programs and transition potential? How have you reconciled the objective of enhancing employability with the national move towards reduction of unemployment through rapid direct job creation? What would you do about employability enhancement if you were allowed more time by hiring schedules?

2. USING PSE FOR EMPLOYABILITY DEVELOPMENT

Public Service Employment programs serve individuals with a wide range of backgrounds and skills. Many of them however, have limited work experience and may be considered unemployable by potential employers. The PSE experience may enhance future employment possibilities for these individuals by developing work habits, building a work record, training in marketable skills, the establishment of contact with potential employers, and the exposure to career opportunities.

One way of serving a diverse clientele is to divide it into like groups. Some Texas Prime Sponsors enroll participants under particular Titles on the basis of personal characteristics. This practice has resulted in 50% of the Title VI Special Projects participants being high school dropouts. Some Primes indicate that this group is prone to tardiness and inability to get along well with other employees. Employers in Texas have informed us that a positive attitude and dependability are two important work habits they consider in hiring entry level employees. Assigning participants to Titles on the basis of similar characteristics encounters a problem when program elements are also divided by Title. Individuals with poor work habits may wind up in Title VI while the traditional means of developing work habits, prevocational training, is included under Title I.

Along with building a job record, forming positive work habits and establishing contacts, the time spent on PSE may be used to provide participants with marketable job skills. Some employers require only a positive work record for entry level employees. Others may desire basic education and specific job skills as part of the package. Classic delivery tools for these items are classroom training and on-the-job training of some sort. An underlying requirement for employability enhancement through skill development is a mesh of employer needs and program elements.

Unique approaches to employability enhancement may depart from the traditional delivery mechanisms. Several city departments in one Prime Sponsor area allow the PSE participants to "try out" different jobs before settling down into their work situation. This added expo-

sure to different jobs enhances the PSE experience, as well as the participant's employability. Another area relies on pre-vocational training program to improve work habits and attitude as well as to teach check writing, household budgeting and personal goal formulation. This program is mandatory for Title I participants and optional for participants in other Titles.

1. How do employers define employability in your area? Is this the same as the CETA staff definition? Which program elements do you feel can be most successful in enhancing the employability of PSE participants?
2. In Texas, Title VI Special Projects participants were the least job ready of all PSE participants. What special efforts have you made in enhancing their employability and placing these a other low skilled clients?
3. Is it feasible and desirable to sequentially link PSE and OJT program components? In such a program work habits and experience might be picked up in PSE and actual job skills acquired under OJT.
4. Have you been able to combine Title I training programs with PSE under other Titles? Specifically, how does this work in your program? What problems must be overcome when activities are used concurrently? Is paperwork a problem? Might a unified PSE program under one Title be desirable and feasible?
5. Have you been able to enhance employability through work experience alone? What type of agency and supervision has proven the most effective in employability enhancement?
6. What has been your experience with prevocational training? Should this training include basic education and personal management skills? Should it be compulsory? Should it be operated prior to or concurrently with regular PSE activities?
7. Is it feasible or desirable to use the 15% administrative cost to provide training under PSE? Should PSE be used to develop job skills?
8. What unique approaches have you used in improving clients' chances for eventual placement? Are these approaches adaptable to other Prime Sponsors?

3. ABSORPTION BY THE PUBLIC SECTOR

Public agencies and non-profit private corporations act as the host environment for Public Service Employment. They utilize PSE workers to serve unmet community needs and to satisfy some of their internal staffing needs. PSE participants acquire first-hand knowledge of the public sector and develop skills that are applicable to that sector. Because of this relationship, absorption into the public sector has been the most successful form of placement in local areas.

In the Rio Grande Valley, poor economic conditions exist in the private sector. The greatest expansion in employment is occurring in the public sector. Nationwide, however, the growth of the public sector has slowed down. In another part of Texas a city personnel director estimated the city would be able to absorb only 10% or less of the PSE participants presently with his city. This percentage will probably shrink as a positions are filled. Future reliance on the public sector as source of placements must be based on local employment estimates. The public sector cannot continue to absorb great numbers of PSE participants.

In one Texas city government, PSE participants were notified and encouraged to apply when jobs opened up. Because of the provision concerning most disadvantaged, a relatively large minority population existed in the Title VI Special Projects contingent. The city personnel director felt that this situation gave him a chance to screen minority workers for permanent positions. This affirmative action screening allowed him to hire black and hispanic workers who had already established themselves in the organization.

A question raised concerning absorption into the public sector was whether a worker's chance of absorption is affected by the CETA Title under which he was enrolled. A related question is the extent to which 'skimming' occurs. Placement emphasis may be placed on job ready PSE enrollees at the expense of those who came to the program least prepared for unsubsidized employment.

Finally, Public Service Employment has an impact on public employee labor unions. Labor unions may want to increase membership by enrolling PSE workers. Once enrolled does the union provide full benefits to the PSE participant? Does the union have a stake in placement of the PSE union member or does the union welcome initial dues and leave the new member to fend for himself?

1. How is PSE used by the public sector - as a screening device, cheap labor source, an affirmative action program, or a combination of the three? How can PSE be utilized as a vehicle of affirmative action for local governments?
2. How might Prime Sponsors better prepare PSE participants for public sector absorption? Many PSE slots are at low skill levels. Might skill training be useful for absorption in the public sector?
3. Is there so much reliance on the public sector for absorption that the public employers are unable to absorb future PSE participants? What unique features of your program spread placements to both private and public sectors?
4. What are the barriers to absorption of PSE participants by the public sector? The president of the American Federation of State, County, and Municipal Employees recently stated opposition to PSE. How might public employee locals be won over? How can other barriers be overcome?

5. Some school districts and not-for-profit human service corporations continue to absorb PSE participants. Will this source of employment grow in importance? Do you deal with this type of employer in a different way than other local governmental agencies?

4. PRIVATE SECTOR LINKAGES WITH PSE

In terms of absolute numbers of jobs the private sector provides the greatest potential for permanent employment of PSE participants. Recognizing this, Secretary of Labor Ray Marshall proposed a special private sector initiative. This \$400 million initiative is intended to turn the CETA system from its too heavy reliance on the public sector to the much larger private sector where most jobs will be found.

The new legislation calls for the formation of private industry councils to enhance the linkage between CETA staff and the private sector. It is unclear whether this council will be composed of the same business representatives that serve on the Manpower Advisory Planning Councils and whether the council will augment or replace the MAPC. The representation of the business and labor community on the MAPC's in Texas has not in itself guaranteed strong linkages with the private sector.

Previous efforts by CETA to establish a workable relationship with the business community have not been received well by the business community. The fact that high level local elected officials have not been involved in most areas has caused private employers to question the prime sponsor's commitment to placement in the private sector. Where this high level commitment has been present staff efforts at placement have been more successful.

Despite membership on the MAPC many business and labor representatives were unaware of the operations of the CETA/PSE program. Private employers in general have heard of CETA but have only a vague notion of what services it provides to participants. It has been suggested by Texas Primes that CETA staff conduct informative workshops for the private sector and develop a marketing approach to 'sell' the idea of hiring PSE participants.

The administration revision of the CETA legislation seems not only to imply a focus on transition, but also to indicate a preference as to where the placement should occur. Present reporting methods do not include a data item related to type of placement.

1. Will the proposed private industry councils be different from the present Manpower Advisory Councils? How might the private industry councils be used to increase placement opportunities in the private sector? How will this additional council fit in your program?

2. Has your advisory council served to inform the private sector about the CETA program? How might their participation be made more useful and informed? What rank in the corporation do individual business representatives have? Does the business community take the MAPC seriously?
3. Have you been able to effectively utilize local elected officials in your attempts to involve the private sector in placement activities? How were they utilized - substantively or primarily politically?
4. How may Prime Sponsors tap the resources of labor unions for employment and training purposes? Have you been able to tie into apprenticeship programs? Do the unions feel threatened by PSE workers?
5. Would a private sector PSE program be feasible and desirable? How might such a program be implemented?
6. What is the general feeling about "government" programs in your area? What have you done to communicate the positive aspects of hiring PSE participants to the business community? How might Prime Sponsors "sell" the program to private industry?
7. Because PSE is located in the public sector, job skills may not be directly transferred to the private sector. How might Prime Sponsors utilize labor market information to increase the likelihood of the transferability of job skills?
8. Should financial incentives be offered to private sector employers to encourage them to hire PSE participants?
9. Should new reporting methods be developed to follow-up on which sector participants were placed in? Does it matter whether a participant is placed in the public or private sector? Which do you prefer?

5. PLACEMENT PROBLEMS

CETA/PSE programs are designed to fill a gap created by inadequate demand for workers, and/or workers lacking necessary qualifications for available jobs. Some of the factors hindering placement of PSE participants in either private or public unsubsidized jobs are listed here.

- inappropriate or inadequate job skills
- poor work habits
- unfavorable public image of government employment programs
- lack of mobility among PSE participants
- security within the PSE environment
- lack of knowledge of temporary nature of PSE
- policy and procedural disincentives to placement
- administrative uncertainty concerning responsibility for placement function.

Despite a large number of former PSE participants in one Texas Prime Sponsor area, many employers claimed there was a labor shortage. As noted above, some industries require particular job skills in entry level employees. If potential employees do not possess these skills they are useless to the employers and will probably not be hired.

Employers also have a fixed range of work habits that potential employees must have in order to appear attractive. Poor work habits among PSE participants were cited as a problem for placement by most Texas prime sponsors.

Popular impressions of government employment programs are of shovel leaners or indictments for misuse of funds. The perceptions of the Prime Sponsors, employing agencies within the CETA system, and PSE participants themselves is often that PSE jobs are meaningless and filed by secondary workers. In one Texas Prime Sponsor PSE workers were separated from regular city employees not only by benefits received, but also by the color of their uniforms. In addition Title VI Special Projects participants were granted even fewer benefits and wore yet another color of uniform! Perceived as second class workers, PSE participants are placed in unchallenging work stations under supervisors who are convinced they have limited abilities. Such treatment works counter to employability enhancement and decreases the chances of PSE participants for future placement.

In several areas PSE participants do not own automobiles and they have personal ties to their home. This twofold lack of mobility may prevent them from seeking employment in another county or even across town. In areas without public transportation it also inhibits their participation in the labor market.

In some parts of the country prevailing wage rates are extremely low. In these areas wages paid to PSE workers may exceed the prevailing wage rates in the area. One job developer told us that PSE participants were willing to work for less money under CETA than they might obtain by entering the unsubsidized labor market. His reasoning was that the CETA support system provided a buffer between the employer and the employee. This tended to give the PSE participants a sense of security that they had not previously experienced.

The Employment Service in several Texas Prime Sponsor areas may determine eligibility and refer participants directly to work stations. Whether or not this occurs, participants often identify with the work station rather than CETA. Without counseling or other contact with the Prime Sponsor some of them even forget they are involved in a temporary public service employment program. Without advance notification of their program expiration date participants may not know when to actively seek unsubsidized employment on their own behalf.

The conflicting objectives addressed in the first section serve as a disincentive to placement. Pressure to meet and maintain hiring schedules and the emphasis placed on planned and actual enrollments may cause counselors to shy away from terminating participants. These same pressures may result in the ground level CETA staff being too busy to deal with placement activities.

Finally, the responsibility for placement has not been clearly assigned to any agency or position. Some staff members suggested placement be made a function of an expanded OJT job developer within the CETA staff. Others felt it should be decentralized and handled by individual counselors on a case by case basis. Still other members of the same Prime Sponsor CETA staff felt placement should be the responsibility of the Employment Service.

1. What are the major barriers to placement of PSE participants? How can these barriers be surmounted?
2. What might be done to involve the participants in placement on their own behalf? Some suggestions include advance notification of expiration date to remind participants of the temporary nature of PSE and allowing participants to take paid time for job interviews.
3. Are Prime Sponsor staff so overworked that they cannot give adequate attention to placement? Which of the three administrative assignments of the placement function sound most applicable to your area? Would any rearrangement of function or creation of new positions help to lighten the load? One example might be a high level clerical position designed to handle counselor's paperwork.
4. Does the CETA system provide too much security for PSE participants or is this a myth? If it does, how does it? What have you done to spur performance and formulate career goals among participants?
5. How might the Department of Labor encourage Prime Sponsors to improve placement records?



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-TRANSMITTAL MEMO-

**SUBJECT: Prime Sponsor Recommendations Resulting from the Cross Regional CETA
Prime Sponsor Forum on Public Service Employment (PSE)**

A CETA Prime Sponsor Forum on PSE was held April 17-19, 1978, in Austin, Texas. This Forum was sponsored by the University of Houston (Institute of Labor and Industrial Relations) and the University of Texas (LBJ School of Public Affairs) in cooperation with the ETA Dallas Regional Office. Twenty-four Prime Sponsors representing nine regions attended. These attendees, primarily CETA Directors and PSE Program Directors, were selected for attendance by their respective regional offices based on their PSE program performance. Their concerns and recommendations are extremely relevant to the Congressional discussions currently underway regarding the CETA reenactment. These recommendations, representing a consensus of the 24 attendees based on their experience and their concern for the CETA participant, are attached for your consideration.

A CETA Prime Sponsor Forum on PSE was held April 17-19, 1978, in Austin, Texas. In attendance were twenty-four prime sponsor representatives from throughout the country recommended for participation by their respective regional offices and staff from three different regional offices. The Forum was sponsored by the University of Houston (Institute of Labor and Industrial Relations) and the University of Texas (LBJ School of Public Affairs) in cooperation with the ETA Dallas Regional Office. The sponsors were asked to share their program experiences - both successes and problems. The tone of the discussions was consistently constructive - focusing on how to improve PSE programs for the benefit of the CETA participant.

The overriding concern of all the sponsors during the Forum was the individual PSE participant - the fact that the present services provided were inadequate in preparing the PSE participant for unsubsidized employment - and this was considered far more important than the operational and political pressures experienced during the enormous PSE build-up.

The sponsors attending the Forum reported that the majority of participants in their Title VI projects are the structurally unemployed - persons with extensive needs for employability development services - but whose needs are not being met due to the Title VI design and budgetary limitations. The sponsors were well aware of the need for filling the PSE positions quickly to meet the national mandate that PSE would be a faster job creation device than alternative forms of fiscal stimulus. However, this build-up had an adverse effect on quality assessment. Now the sponsors feel a strong local responsibility for ultimate placement for the PSE participant (regardless of the regulations position that there is no transitioning requirement for Title VI project participants) but they are unable to provide the critically needed employability services to insure successful transitioning into unsubsidized jobs.

Their genuine concern for the individual PSE participant and their sincere interest in better programming is reflected in their recommendations.

PROBLEM: THERE IS INSUFFICIENT EMPHASIS ON EMPLOYABILITY DEVELOPMENT IN THE DESIGN AND IMPLEMENTATION OF TITLE VI FOR THE ELIGIBLE INDIVIDUALS SERVED.

Current Title VI program design does not lend itself to employability development and placement since the key objective of the legislation was job creation as a means of countercyclical economic stimulus. The sponsors who attended the forum cited a significant need for employability development among the population they are serving through Title VI. In fact, they estimate that of the participants they serve, approximately 75 percent are structurally unemployed, that is, lacking critical skills to obtain and hold a job. Further, the prime sponsors

do not have sufficient available funds to provide the services and training to impart these skills. Title I funds are stretched to their limit. Despite increased needs for serving and training the new influx of structurally unemployed under the recent PSE build-up, Title I funding levels have remained almost constant in real dollars. Further, these funds are already committed to serving existing Title I participants and eligibles - in part out of practical and political necessity and in part to conform to DOL regulations such as the "hold harmless" provision for continuing youth activities.

There is the need for stability and clarity in the legislative intent. If the intent is for an income maintenance program to be on-going until the economy improves and not for employability development, this should be clarified. If, however, the intent is employability development and placement, the existing program design must be modified.

RECOMMENDATION:

Forum participants recommended two clearly distinguished types of PSE programs: one for the countercyclically unemployed and one geared to the structurally unemployed. Each type of program should be coherently designed. Thus, for example, the program for the structurally unemployed should clearly reflect the reality that certain participants need and should receive employability development services. In such a program, language mandating "no less than 85% to be used for wages and fringe" should be changed to provide the prime sponsor with more flexibility to expend funds for needed employability development services according to local participant needs. The new legislation should clearly specify the different objectives for each of the two components of the PSE program.

PROBLEM: THERE IS INSUFFICIENT PRIVATE SECTOR INVOLVEMENT IN PSE

There is a need to increase and improve the private sector involvement in CETA, especially with respect to public service employment. The concern of the Carter Administration is evidenced by its proposal for Private Sector Initiatives (including Private Industry Councils) in Title VII of the proposed CETA legislation.

RECOMMENDATION:

Forum participants universally favor improving linkages with the private sector. However, local prime sponsors prefer to be permitted options regarding the design and implementation of private sector initiative. Several expressed doubts about the effectiveness of the Administration's proposal for PIC's. The general sentiment of the group was to avoid establishment of PIC's as separate entities; rather PIC's should be integrated into existing programs and advisory structures. Some proposed increasing the percentage of private sector re-

presentation in the present Manpower Advisory Planning Council (MAPC). Others suggested that the PIC should be incorporated as a subcommittee of the MAPC.

In addition, several approaches were suggested and generally agreed upon to motivate interest of private firms to hire PSE workers and to assist PSE participants to secure and maintain unsubsidized private sector jobs.

- help the private sector meet its affirmative action responsibilities
- conduct screening and make available training for upgrading if the private sector employer has made a commitment to hire
- provide funds to the private sector for the training of supervisors
- offer OJT slots tied to PSE placements

Although the need for more private sector involvement was universally recognized and several prime sponsors had specific suggestions, there was no consensus on specific means, mechanisms or incentives to improve private sector involvement.

DOL'S STYLE OF COMMUNICATION AND PROGRAM MANAGEMENT UN-
NECESSARILY ALIENATES LOCAL SPONSORS AND OPERATORS WHO WOULD
PREFER TO WORK AS A TEAM.

Communication from DOL's national and regional levels is perceived as restrictive and negative. It is management by mandate, generally in response to crisis. In many cases a directive or regulation is the result of mismanagement in one or a few prime sponsor areas. This reaction penalizes prime sponsors throughout the country. Such a system emphasizes negative feedback causing alienation and morale problems among local prime sponsor staff. There are few, if any, rewards for outstanding performance. Also, no matter how enlightened in conception, mandates tend to be inflexible in practice and thus often inappropriate to at least some local areas.

RECOMMENDATION:

DOL should take care of specific problems through their contract compliance role instead of penalizing all of the primes through additional regulations/issuances which limit flexibility and local decision making. DOL should examine ways in which to "reward" the prime sponsors for program successes. A letter, personally addressed to the staff director with carbon copies to local elected officials, would be sufficient in some cases. The forum attendees suggested several other possible rewards for superior performance. For example, in some cases additional funding may be an appropriate reward; in others, it would not. Providing increased local flexibility might also convey an appropriate positive message from DOL to prime sponsors who have

proven that they can be trusted to wisely implement employment and training programs effectively and appropriately in their local areas.

The group acknowledged the difficulty which DOL officials face in giving favorable overall rating to prime sponsors and that such tributes may be later used against DOL in proceedings to deobligate funds or to remove prime sponsor designation from a particularly poor performer. However, there would appear to be room for favorable and encouraging feedback for discrete program successes.

PROBLEM: DOL REGIONAL OFFICE FEDERAL REPRESENTATIVES HAVE CONFLICTING DUAL ROLES.

DOL regional personnel are currently responsible for conflicting functions - the audit/compliance function and for technical assistance - resulting in neither being carried out effectively.

RECOMMENDATION:

DOL should separate the staff responsibilities for technical assistance and audit/compliance activities. The Fed Rep would then be more inclined to provide the technical assistance to the Prime Sponsor. This relationship would provide a more conducive atmosphere for constructive program improvement. In addition, the contract compliance role would then be more effective in investigating and rectifying mismanagement problems in specific prime sponsor areas.

PROBLEM: CUMBERSOME REPORTING AND MANAGEMENT INFORMATION PROCEDURES INHIBIT WORTHWHILE PROGRAM ACTIVITY.

Excessive reporting (sponsors are required to produce dozens of reports for DOL each quarter) and report categories which do not accurately reflect the programs at the local level. There are disincentives to moving participants to other CETA titles, even when it would benefit the individual, because the reporting of such transfer negatively distorts the measures used by DOL to assess sponsor performance.

RECOMMENDATION:

The Prime Sponsors support DOL's efforts to streamline the reporting and their efforts to limit paperwork requirements. The sponsors recommend that DOL carefully review all required reports and try to eliminate report categories which have questionable value and distort information relating to the program content and effectiveness. RECOMMEND THAT DOL CONSIDER REPORTING BY THE PRIME SPONSOR'S TOTAL CETA SYSTEM RATHER THAN BY DISCRETE TITLES.

PROBLEM: THERE IS NO FLEXIBILITY REGARDING TRANSFER OF FUNDS FROM ONE CETA TITLE TO ANOTHER.

RECOMMENDATION:

The Prime Sponsors represented at the Forum recommended a "conversion clause" which would allow them to transfer funds according to local conditions from one title to another if the funds could be spent more effectively under another title.

PROBLEM: DOL SEEMS MORE CONCERNED WITH PROCESS THAN PROGRAM RESULTS.

The Prime Sponsors perceive DOL is preoccupied with process reporting, i.e., numbers enrolled, characteristics of participants, and numbers enrolled, by activities. Less concern seems to be exhibited regarding results achieved for the participants.

RECOMMENDATION:

The focus of DOL should be shifted from process to output achieved. The desired output from the CETA system (and the individual titles of CETA) should be agreed upon, in principle, at the national level, and in specific terms in the prime sponsor annual plans. Employment and training officials at all levels should work toward achieving those output goals utilizing the most reasonable approach for their local social and economic environment.

PROBLEM: LACK OF AWARENESS OF THE INNOVATIVE PROJECTS AND WORTHWHILE ACTIVITIES CREATED IN PUBLIC SERVICE EMPLOYMENT.

There are considerable numbers of non-traditional public service jobs being developed throughout the country, despite the lack of incentives to engage innovative approaches to PSE, yet few sponsors know about them. The organized processes currently being used to disseminate information regarding successful ideas/approaches are not perceived as adequate or effective. Fellow prime sponsors and program operators - not to mention the general public - are simply not aware of the worthwhile activities operating under CETA Public Service Employment.

RECOMMENDATION:

Prime Sponsors should be encouraged to engage in innovative PSE activities; further, they should be allowed the flexibility in programming necessary to accomplish their ideas. Benefits that could accrue to both DOL and the sponsors include, but are not limited to:

- job creation would be limited only by imagination
- developing non-traditional public service jobs would control substitution and would control wages
- creating newly defined jobs

In order for innovative actions to benefit other sponsors, an effective nationwide mechanism to disseminate experiential information

should be established by DOL. In addition, DOL should have rewards and incentives built in to recognize these new approaches.

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